

experience of Italy, Germany, Poland, and several other European countries which are now developing efficient speedway systems throughout their domains.

THE TENNESSEE VALLEY AUTHORITY

Mr. McKELLAR. Mr. President, if I should begin the remarks I desire to make on the T. V. A. at this late hour, I could not conclude this evening, and I therefore hope the Senate may take a recess until Monday, when I can begin and finish what I have to say. I understand that under the new rule laid down I could not start this afternoon and proceed on Monday.

Mr. BARKLEY. Mr. President, I have no desire to insist that the Senator proceed at this hour and speak for the remainder of the day, and it is entirely satisfactory that a recess be taken.

Mr. McNARY. Mr. President, I inquire of the Senator from Tennessee whether it is his purpose to begin his speech upon the convening of the Senate on Monday.

Mr. McKELLAR. That is my intention.

Mr. McNARY. Let us have that understood, because the Senator from New Hampshire [Mr. BRIDGES] desires to be present when the Senator speaks.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER (Mr. SCHWARTZ in the chair). If there be no reports of committees, the clerk will state the nominations on the calendar.

WORKS PROGRESS ADMINISTRATION

The legislative clerk read the nomination of Miss Gay B. Shepperson to be State administrator for Georgia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Rufus W. Fontenot to be collector of internal revenue for the district of Louisiana.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

This completes the nominations on the executive calendar.

RECESS TO MONDAY

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 11 o'clock a. m. on Monday next.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate took a recess until Monday, January 24, 1938, at 11 o'clock a. m.).

CONFIRMATIONS

Executive nominations confirmed by the Senate January 21 (legislative day of January 5), 1938

WORKS PROGRESS ADMINISTRATION

Miss Gay B. Shepperson to be State administrator in the Works Progress Administration for Georgia.

COLLECTOR OF INTERNAL REVENUE

Rufus W. Fontenot to be collector of internal revenue for the district of Louisiana.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 21, 1938

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thy lovingkindness, O Lord, is in the heavens; Thy faithfulness reacheth unto the skies; Thy righteousness is like the mountains of God; Thy judgments are a great deep.

Heavenly Father, may we wait patiently for Thee and incline our hearts at Thy altar. We pray that our delibera-

tions may be a protest against all movements or agencies which work injury to the ideals of our free and representative government. Pour out Thy spirit upon our whole land and keep it far away from that gross materialism which has confined other nations. Save us, blessed Lord God, from wandering afar from the fresh spiritual fields of moral supremacy. For Thy name's sake, hear us and let the people praise Thee, O God; let all the people praise Thee. In our Savior's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EMPLOYMENT OF LABORER

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 404

Resolved, That the Clerk of the House hereby is authorized and directed to employ a laborer to be paid from the contingent fund of the House at the rate of \$1,260 per annum until otherwise provided by law.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. WILLIAMS asked and was given permission to extend his own remarks in the RECORD.

Mr. McCLELLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address I delivered before the Mississippi Valley Flood Control Association.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an item appearing in the New York World-Telegram regarding the Public Health Service.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a bill I introduced this morning.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short letter.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

ADMINISTRATION OF SUGAR ACT OF 1937 AND CROP PRODUCTION AND HARVESTING LOANS

Mr. TAYLOR of Colorado. Mr. Speaker, by direction of the Committee on Appropriations, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 571) making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans.

The Clerk read the joint resolution as follows:

Resolved, etc.,

DEPARTMENT OF AGRICULTURE

Sugar Act of 1937: That for an additional amount to enable the Secretary of Agriculture to carry into effect the provisions, other than those specifically relating to the Philippine Islands, of the Sugar Act of 1937, approved September 1, 1937 (50 Stat. 903-916), including printing and binding, and the employment of persons and means in the District of Columbia and elsewhere, as authorized by such act, there is hereby appropriated for the fiscal year ending June 30, 1938, out of any money in the Treasury not otherwise appropriated, the sum of \$39,750,000: *Provided*, That from this appropriation and the appropriation of \$250,000 for this purpose in the Third Deficiency Appropriation Act, fiscal year 1937, there shall not be obligated during the fiscal year 1938 for the following respective purposes sums in excess of the following amounts: For personal services in the Department of Agriculture in the District of Columbia, \$115,000; for personal services in the Department of Agriculture in the field, \$350,000; for miscellaneous administrative expenses

(other than personal services) in the Department of Agriculture in the District of Columbia and in the field, \$160,000; and for transfer of funds to the Office of Treasurer of the United States, Division of Disbursement (Treasury Department), and the General Accounting Office, \$25,000; but the limitations set forth in this proviso shall not include expenses of local committees under the provisions of section 305 of such act.

FARM CREDIT ADMINISTRATION

Crop production and harvesting loans: That the appropriation for crop loans made under the heading "Farm Credit Administration" by the First Deficiency Appropriation Act, fiscal year 1937, together with all collections heretofore or hereafter made under the act of January 29, 1937, of the character specified in section 7 (b) of such act, shall be available until June 30, 1939, for making and collecting crop production and harvesting loans under such act of January 29, 1937, regardless of any limitation to the calendar year 1937 or the fiscal year 1938 in such appropriation or such act: *Provided*, That loans under the foregoing appropriation shall only be made to borrowers, who, in the opinion of the Governor of the Farm Credit Administration will undertake in good faith to repay such loans in accordance with their terms, and no such loan shall be made in any State unless the Governor of the Farm Credit Administration has reasonable assurance that State and local authority will take no action which will encourage the borrower residing therein to evade payment of such obligation.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. WIGGLESWORTH. Reserving the right to object, Mr. Speaker, I do not intend to object, but I make this reservation in order that the chairman of the committee may make a statement to the House of the purpose and the urgency of the two items provided for in this bill.

Mr. TAYLOR of Colorado. Mr. Speaker, this first deficiency-appropriation bill contains only two items. It provides for the payment of the sugar-allotment payments due to the sugar growers authorized by the Sugar Act of 1937, and provides for the crop loans authorized by the act of January 29, 1937. These loans must be made available if the growers in the southern part of the country are to be helped for this season. These are small loans, the average being about \$100 to each farmer. The limit is \$400, but a great many of them are not even \$100. Both of these items are emergency measures. The Appropriation Committee is unanimous in authorizing me to present and urge the immediate passage of this resolution.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. I understand there is nothing new about this measure; it is simply to make payments under contracts already entered into by the Government.

Mr. TAYLOR of Colorado. Yes; that is correct. We are under obligation now to carry out the provisions of those two laws.

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from New Jersey.

Mr. THOMAS of New Jersey. What is the amount of the appropriation in this bill?

Mr. TAYLOR of Colorado. The amount of the sugar appropriation is \$39,750,000. The amount of the crop loans is \$34,500,000.

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield to the gentleman from Iowa.

Mr. DOWELL. Is this a contract made with the sugar growers by the Government not to produce sugar?

Mr. TAYLOR of Colorado. No; that is not the law. The law fixes a quota of production, and this resolution is to comply with that law. It encourages production in this country and restricts importations.

Mr. DOWELL. I am asking if this is a contract.

Mr. TAYLOR of Colorado. It is a law, and this resolution complies with that law.

Mr. DOWELL. It is true we produce probably less than one-third of the sugar consumed in the United States. It seems very strange our Government should be contracting

with growers not to produce a thing of which we need a great deal and which we are importing in large quantities. Is this not a strange situation?

Mr. TAYLOR of Colorado. The gentleman has an erroneous impression. The Sugar Act provides the exact amount of sugar which can be grown in the United States and the amount that can be imported from Puerto Rico, the Hawaiian Islands, and so forth. It also fixes with a great deal of detail the entire sugar-growing and marketing industry. This measure is merely to carry out the provisions of the act we passed last summer.

Mr. DOWELL. I understand that, but does the gentleman believe the policy should be carried out of paying the producers of sugar for not producing it, when we have to import so much from foreign countries?

Mr. TAYLOR of Colorado. That is not the policy and this measure is not to determine a policy. The policy has already been determined by the Congress.

I yield to my Colorado colleague [Mr. CUMMINGS] who I believe knows more about all the details of the sugar industry than anybody in Congress.

Mr. CUMMINGS. I may say to the gentleman this money has already been collected by the Government and is in the Treasury. This measure is simply completing the contract the Government entered into with the growers last August.

As far as the gentleman's talking about paying the producers not to grow sugar is concerned, there is no sugar State in the United States, except the State of Florida and possibly Louisiana, which can produce as much sugar as it is allowed to produce under this quota. Sugar is today selling in the United States probably cheaper than in any other nation in the world on the basis of comparison of wealth. It is nearly 50 cents a hundred cheaper than it was when this legislation was passed.

Mr. DOWELL. My question is, however, is it the gentleman's opinion that the Government of the United States should be paying these producers for not producing it when we are compelled to purchase so much from foreign countries?

Mr. CUMMINGS. They are not paying the growers not to produce it; they are paying them to produce. The growers are getting a benefit out of this.

Mr. DOWELL. I understand the growers are getting the benefit, but they are getting the benefit because they do not produce the sugar.

Mr. CUMMINGS. No; the gentleman is mistaken.

Mr. DOWELL. Certainly, that is true.

Mr. CUMMINGS. No; it is not. They get the benefit for producing it.

Mr. MICHENER. If the gentleman will yield, as a matter of fact the policy has already been determined upon.

Mr. CUMMINGS. It has.

Mr. MICHENER. This is simply carrying out the policy.

Mr. CUMMINGS. And carrying out the policies and effects of a bill that was passed in this House by 4 to 1.

Mr. MICHENER. Yes; so far as consumption and production in this country are concerned, the purpose of the Sugar Act is to quota and to limit production, and Secretary Hull has stated—

Mr. CUMMINGS. No; the gentleman is wrong there. This is to limit importation.

Mr. MICHENER. Yes; to limit importations by establishing production quotas. By fixing limits beyond which we cannot produce.

Mr. CUMMINGS. It increases the production of sugar in the United States.

Mr. MICHENER. Yes; it permits production up to a certain quota; but the real purpose back of it all is to discourage the production of sugar in the United States, to eventually destroy the domestic production, and Secretary Hull—when the sugar bill was up the last time—opposed any increases in the quotas in this country because he had entered into a trade agreement with Cuba, and he said that if we increased our sugar production in this country we

would be violating the good faith of our reciprocal trade agreement with Cuba.

Mr. CUMMINGS. If I am in Congress whenever the time comes that we produce as much as this quota allows, I will be helping the gentleman to take off the quota.

Mr. LAMBERTSON. Mr. Speaker, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. LAMBERTSON. I want to ask the gentleman from Colorado a question. I was at Fort Collins, where the gentleman lives, last summer and I observed that three-fourths of this sugar-beet country of his was in wheat.

Mr. CUMMINGS. Oh, no, not that much.

Mr. LAMBERTSON. It looked as if about three-fourths of it was raising wheat.

Mr. CUMMINGS. You can just plant as much of a row crop, like beets or potatoes, as you have water, and we are limited in our water supply.

Mr. LAMBERTSON. It seemed to me that land used to raise sugar beets is now raising wheat and that you are getting this Government subsidy on your beets.

Mr. CUMMINGS. No; we had as much acreage in beets last year as we ever had, and we could not plant more beets because we did not have the water. This is the reason we are asking you to let us have the water from the Colorado-Big Thompson project.

Mr. MARTIN of Massachusetts. As I understand, if I may ask the gentleman from Colorado a question, the Budget has passed upon this appropriation and it meets with their approval?

Mr. TAYLOR of Colorado. Yes. It is imperatively necessary for Congress to pass this measure.

Mr. O'CONNOR of New York. Reserving the right to object, Mr. Speaker, I have consistently supported these seed-loan bills and all farm bills, and I supported the sugar bill. Did the possibility ever occur to the gentleman or to his committee of making loans to business people, the employers of labor in the cities, or does the gentleman confine his attention entirely to farmers? If our business people could get loans, it would take us out of this unemployment situation. Did that ever occur to the gentleman?

Mr. CANNON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I asked the gentleman from Colorado the question.

Mr. TAYLOR of Colorado. Congress has endeavored to help all classes of people that really need aid. This is a farming proposition entirely, and has nothing to do with the city or business financing the gentleman refers to.

Mr. O'CONNOR of New York. I asked the gentleman whether it ever occurred to him that business, as well as the farmers, might be helped?

Mr. TAYLOR of Colorado. Oh, surely. I think business has been helped more than the farmers have.

Mr. O'CONNOR of New York. I have been voting to finance farmers, but I have never heard any suggestion about the financing of businessmen who could put people to work.

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. I yield.

Mr. WOODRUM. Has my friend from New York forgotten the housing program we put through to build tenement houses in New York for him?

Mr. O'CONNOR of New York. That does not finance the businessman, the employer.

Mr. WOODRUM. It puts people to work; and has the gentleman forgotten the long list of loans made by the Reconstruction Finance Corporation to railroads, insurance companies, and banks?

Mr. O'CONNOR of New York. I am talking about the little-business man, the 5,000,000 employers of this country who employ people, not the railroads and banks and insurance companies. Furthermore, R. F. C. is all through, but the seed loans go on forever.

Mr. WOODRUM. I am talking about the little-business man whom my friend represents in New York. We have helped them, and now we are trying to help the farmers.

Mr. O'CONNOR of New York. Well, I have not seen any of that help.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. TAYLOR]?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a resolution adopted at a mass meeting in the city of Morgantown, W. Va.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend in the RECORD certain observations that have come to me as a result of our debate on the recent Treasury-Post Office appropriation bill, and I would suggest that the Members may find in this extension information that will be very helpful to them. For example, the question was brought up as to the amount of franked and penalty mail, and in this extension I insert certain information as to the amount of increased revenue resulting from franked and penalty mail matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting three letters I received this morning through the mails.

The SPEAKER. Is there objection?

There was no objection.

DEATH OF A FORMER MEMBER

Mr. EICHER. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. EICHER. Mr. Speaker, I rise to announce the death on Saturday last of a distinguished former Member of this body, the Honorable Harry E. Hull, a legal resident of the town of Williamsburg, in my congressional district. He represented the Second Congressional District of Iowa for 10 years, from 1915 to 1925, and from 1925 to 1933 he served as Commissioner General of Immigration of the United States.

The record of Mr. Hull's public service is an enviable one. As a legislator he was high-minded and conscientious and ever faithful to what he regarded as the best interests of the people of his district and of the Nation. His membership on the Military Affairs Committee of the House before and during the participation of this country in the World War placed on him the responsibility for making some vital decisions. He was one of the small group whose strong convictions impelled them to vote against the entrance of our country into that war, and, almost lone-handed, he succeeded in raising the draft age from 18 to 21. As administrator for 8 years of the Bureau of Immigration he showed a liberality of judgment in the interpretation and application of the controlling laws that confined the cases of individual hardship to a minimum and established standards in carrying out the restrictive quotas that will serve as beneficial precedents for years to come.

The State of Iowa and the Nation have profited by the public services of Harry Hull, and as his Congressman and friend I contribute these heartfelt observations of respect to his memory.

I ask unanimous consent to extend my remarks in the RECORD upon his life and services.

The SPEAKER. Is there objection?

There was no objection.

NAVAL APPROPRIATION BILL, 1939

Mr. UMSTEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill

H. R. 8993, making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1939, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the naval appropriation bill, with Mr. THOMASON of Texas in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

BUREAU OF AERONAUTICS
AVIATION, NAVY

For aviation, as follows: For navigational, photographic, aerological, radio, and miscellaneous equipment, including repairs thereto, for use with aircraft built or building on June 30, 1938, \$968,700; for maintenance, repair, and operation of aircraft factory, air stations, fleet air bases, fleet and all other aviation activities, accident prevention, testing laboratories, for overhauling of planes, and for the purchase for aviation purposes only of special clothing, wearing apparel, and special equipment, \$19,069,800, including not to exceed \$50,000 for the procurement of helium which sum of \$50,000 shall be transferred to and made available to the Bureau of Mines on July 1, 1938, in addition to which sum the Bureau of Mines may use for helium-plant operation in the fiscal year 1939 the unexpended balance of funds transferred to it for such operation in the fiscal year 1938, and the Bureau may lease, after completion, surplus metal cylinders acquired for use as helium containers; for continuing experiments and development work on all types of aircraft, including the payment of part-time or intermittent employment in the District of Columbia or elsewhere of such scientists and technicians as may be contracted for by the Secretary of the Navy, in his discretion, at a rate of pay not exceeding \$20 per diem for any person so employed, \$2,903,500; for new construction and procurement of aircraft and equipment, spare parts and accessories, \$21,258,000, of which amount not to exceed \$15,000,000 shall be available for the payment of obligations incurred under the contract authorization carried in the Navy Appropriation Act for the fiscal year 1938; in all, \$44,200,000, and the money herein specifically appropriated for "Aviation" shall be disbursed and accounted for in accordance with existing law and shall constitute one fund: *Provided*, That the sum to be paid out of this appropriation for employees assigned to group IV (b) and those performing similar services carried under native and alien schedules in the Schedule of Wages for Civil Employees in the Field Service of the Navy Department shall not exceed \$1,716,520: *Provided further*, That in addition to the amount herein appropriated, the Secretary of the Navy may, prior to July 1, 1940, enter into contracts for the production and purchase of new airplanes and their equipment, spare parts and accessories, to an amount not in excess of \$15,000,000: *Provided further*, That the Secretary of the Treasury is authorized and directed, upon the request of the Secretary of the Navy, to transfer not to exceed in the aggregate \$50,000 from this appropriation to the appropriations "Pay, subsistence, and transportation, Navy" and "Pay, Marine Corps" to cover authorized traveling expenses of officers and enlisted men in connection with flying new airplanes from contractor's works to assigned station or ship, including travel to contractor's works and return of personnel to stations of duty, and the amount so transferred shall be in addition to any limitations contained in the appropriations "Pay, subsistence, and transportation, Navy" and "Pay, Marine Corps": *Provided further*, That no part of this appropriation shall be expended for maintenance of more than six heavier-than-air stations on the coast of the continental United States: *Provided further*, That no part of this appropriation shall be used for the construction of a factory for the manufacture of airplanes: *Provided further*, That the Secretary of the Navy is hereby authorized to consider, ascertain, adjust, determine, and pay out of this appropriation the amounts due on claims for damages which have occurred or may occur to private property growing out of the operations of naval aircraft where such claim does not exceed the sum of \$500.

Mr. BOILEAU. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: Page 42, line 8, after the comma, following the word "accessories," strike out "\$21,258,000" and insert in lieu thereof "\$24,358,000."

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that my time may be extended for 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOILEAU. Mr. Chairman, during the general debate upon this bill I indicated that I intended at the proper time to offer an amendment striking out the appropriation for the commencement of the two battleships, and that I intended also to offer an amendment appropriating an equivalent amount for the construction of airplanes for the Navy.

I regret that the parliamentary situation is such that it is necessary to offer the amendment to increase the appropriation for the airplanes before the amendment is offered eliminating the appropriation for battleships. This is a situation beyond my control, as the airplane item comes in the bill first, and I am advised by the Parliamentarian that it would not be germane to the provision involving airplanes to refer to battleships, nor would it be germane to offer an amendment to increase the amount appropriated for airplanes in the place in the bill where we now provide for battleships. As I said, I regret that we are confronted with this situation, but it is a matter over which I have no control and it is necessary, in order for me to carry out the views I have, to offer this amendment increasing the appropriation for airplanes, with the understanding that at the proper time I shall offer another amendment which will strike out the appropriation for the battleships.

On page 50 of the bill there is authorization for the commencement of two battleships, and the appropriation contained on that page in the bill for all naval vessels is in a lump sum, but only \$3,100,000 of that amount in the breakdown is allocated for the laying of the keels to commence the construction of these two battleships, which will ultimately cost at least \$141,000,000. I say at least that amount. That is the present estimate of the cost of the construction of these two battleships. As I understand it, the present estimate is based on battleships of 35,000 tons. This morning's newspaper indicates that there is a likelihood that the plans and specifications for these battleships may be changed, so that they will be 40,000-ton ships, in which event, of course, the appropriation would ultimately be a great deal more, and I call the attention of the membership to the fact that within the last 6 or 7 months the estimate for the construction of battleships has increased—an estimate made less than a year ago at \$50,000,000 to \$60,000,000 and now to \$70,000,000; and if we increase the tonnage from 35,000 to 40,000 tons, realizing these estimates will probably increase year after year, these battleships will probably cost us \$100,000,000 each, or \$200,000,000 in all, before they are constructed.

This bill appropriates only \$3,100,000 for the laying of the keels and beginning construction, so that my amendment now before the House would increase the amount to be expended for airplanes—and I hope they will be bombing planes—by \$3,100,000, and that amount of money, under the estimates contained in this bill for 1939, would build 41 B bombing planes, the finest bombing planes constructed; that is, the most expensive bombing planes we have in the bill. If we do not want to build bombers, that amount of money would build 52 V S B scout bombing planes. If we want fighting planes of the V F type, we could, with the \$3,100,000, build 74 fighting planes. From the standpoint of national defense and preparation against any immediate danger, I ask you, in all fairness, which would you rather have from the standpoint of defending this country, 41 bombing planes, or 52 scout bombing planes, or 74 fighting planes, or battleships with only the keels laid some place in one of the navy yards? It would take 4 or 5 years, at least, to get these ships into commission after the keels are laid. Or, if you want to construct the number of planes you could build with a total of \$141,000,000, I call attention to the fact that with that amount of money we could build 1,865 bombing planes.

Which would you rather have for the defense of this country, 1,865 bombing planes or 2 battleships—2 floating targets that would not be where you want them when they are needed, which are absolutely helpless, which are nothing but targets for the efficient airmen? If you did not want these bombing planes, you could have 2,366 scout-bombing planes, or the same sum of money would build 3,367 fighting planes—for the cost of these 2 battleships.

And then, Mr. Chairman, I call attention to the fact that the life of a battleship is 26 years. From the viewpoint of the Navy, at the end of that time they are obsolete and are junked. Throughout the length of the useful life of a battleship it has to be maintained, and maintenance alone is estimated to be somewhere around \$2,500,000 a year. This

would continue over a period of 26 years. For two battleships the maintenance would be \$5,000,000 a year, or about \$130,000,000 for the 26 years. In addition to that, every few years these battleships have to be entirely reconditioned, every 10 years or so, at a cost, I am informed, of about \$10,000,000 to put them in proper condition. So that in addition to the \$141,000,000 original cost of these two battleships we shall have probably at least that amount of money expended during the 26 years for the maintenance of these battleships. I submit to you that this amount of money added to the original cost would be sufficient to maintain permanently for a period of 26 years—and I want to say to you in all fairness that I am just estimating this in my own crude way; I am not a technician—but I submit that, in my judgment, the original cost plus the cost of maintenance and operation, and also the cost of reconditioning, would mean enough money over a period of 26 years expended on these two battleships alone to maintain, man, and equip at least 1,000 airplanes, up to the minute in fighting efficiency, every year over that period of years.

I ask you in all fairness, from the standpoint of defense—I am talking about defending this country rather than preparation for aggressive warfare—which would you rather have for the defense of our Territories, our possessions, our harbors, and coasts, 1,000 fighting bombers or 2 battleships that are helpless on the high seas, deaf, dumb, and blind? I say to you that under present conditions these battleships are absolutely helpless; they cannot maneuver, and they are at the mercy of the Air Corps. The gentleman from West Virginia is going to present to this House, I am sure, some startling information. He showed me some of the information in his possession. I appeal to you to listen to the gentleman from West Virginia [Mr. RANDOLPH] when he takes the floor a little later.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BOILEAU. Mr. Chairman, the accuracy of these bombing planes is uncanny. Although they may not be able to destroy a battleship, they can, from a distance of 14,000 or 15,000 feet in the air drop bombs with an accuracy that would startle you. I am sure the gentleman from West Virginia will give us some information along this line that will be rather shocking. If the airplanes cannot destroy a battleship because of the deck armor, it is going to be a matter of only a few years before bombs will be manufactured that can be let down from the skyway beyond the reach of antiaircraft guns, that can sink battleships. If airplanes cannot now sink battleships, they certainly can sink the auxiliary ships, the cruisers, and the other ships that do not have such heavy armor, the destroyers; and you know a battleship needs protection it has to have its convoy. The battleships are at the mercy of submarines as well as the Air Corps. The submarines can destroy these battleships.

I submit to you that it is a waste of money to build these tremendous battleships. I, for one, am a firm believer in adequate national defense, but defense only. I believe that we should spend as much money as is necessary for that purpose. I submit that bombing planes at the present time make battleships ineffective. Bear in mind the fact that aircraft are in their infancy; there is a lot to be learned in this field, a lot that will be learned within the next few years, before these big battleships are even commissioned. Battleships, on the other hand, are as old as our civilization. With all these years of experience they have gotten about as efficient as we can hope for but the airplanes will become more and more efficient as fighting units.

I appeal to the Members of the House to adopt this provision increasing the appropriation for airships by \$3,100,000; and then when we come to that part of the bill on page 50 which provides for the building of two battleships, that we

strike that provision out of the bill so that these two battleships will not be built, so that we shall not be squandering the taxpayers' money, so that we may use such money as we have available for defense for the construction of fighting planes that can give us the only effective defense against any possible invasion of this country.

In offering these amendments I do so with the firm conviction that the United States should protect itself against any probable invasion. I take the position that we should be prepared to defend our country and our Territories and possessions. But when it is realized that a few days ago 18 bombing planes of the United States Navy went from the Pacific coast to the Hawaiian Islands, a distance of over 2,500 miles, in 20 hours, and when we also take into consideration that they successfully carried out their objective, we should be convinced that any military expedition against this country can be defeated by a well organized and equipped Air Corps which could meet any contemplated invasion before it could get near our shores. They can go 1,500 miles or 2,000 miles out to sea; each plane can carry a thousand pounds of bombs and those planes could sink an invading navy with an accuracy that is almost unbelievable at the present time. With experimentation going on all the time, the efficiency of these bombing planes will be greatly improved. All of this will give us adequate protection and will give us more per dollar for defense than we can possibly have by building these superfloating fortresses.

Mr. Chairman, I hope that my amendment will be agreed to and that the other amendments I shall suggest at the proper time will be approved by the Committee when we take into consideration the item for the battleships.

[Here the gavel fell.]

Mr. MAVERICK. Mr. Chairman, I move to strike out the last word.

NOT TWO BATTLESHIPS BUT FOREIGN RELATIONS, I. E., STANDARD OIL

Mr. Chairman, the matter which we have before us today is, in my opinion, considerably more serious than we realize. We are really not talking about two battleships. They are incidental. We are talking about foreign affairs. We are really talking about the grave relations of the world, and not necessarily two battleships.

We find that the investment of the Standard Oil Co. in China amounts to something like \$130,000,000 or \$140,000,000. We are spending approximately \$140,000,000 to build two battleships. Hence, it may be said we are spending of the taxpayers' money approximately the investment of the Standard Oil Co. in China in order to protect that company's investment in China.

The history of foreign trade, especially when it involves colonies or exploitation of weak nations, has always been that it ends up in violence, either war or revolution. Whenever colonialism or foreign exploitation ends up in violence, it has always been a losing proposition to the country which originally did the exploiting.

IS OUR NAVY TO BE AUXILIARY TO THE BRITISH?

Mr. Chairman, we hear in these times all kinds of rumors. I heard there was a conference recently in New York between some of the leading officials of our Government and officials of the British Government, and it was decided that the American Navy would be complementary to the British Navy and the two would control the world. I do not say whether that is right or wrong, but it is a rumor that people have been talking about.

It is also alleged that this group talked about the efficacy of the press in reference to informing the people as to international relations, about the *Panay* incident, and so forth; that is in getting them worked up into a war spirit. I have always wondered why there were so many newspaper reporters and so many cameras available to cover the *Panay* incident and why it has been pushed so prominently and vigorously all over the country, when at the same time we try to suppress certain films which portray conditions existing under the German Fascist Government. Those are just a few things I have been wondering about.

PEACE AND MILITARISTIC, REACTIONARY AND RADICAL, GROUPS FAVOR SHIPS—WHY?

I have asked numerous people about these two battleships just to get their viewpoints. I asked a man whose sympathies are all for Communist Russia this: "What do you think about these two battleships?" He said, "I am in favor of the two battleships. I am for those two battleships because they will be used to maintain peace in the world."

Then I said, "What do you mean by that?"

He said, "We are going to stop Japan in China."

Then I went to some pacifists, and I asked them the same question, and I received approximately this reply: "We want those two battleships to maintain peace."

I have not observed a single peace organization objecting to these two battleships. Not one. From my conversation with the peace groups, it looks as though many of them favor the battleships and a big navy.

I went to one of my military—I might say "militaristic"—friends, and I asked him, "What do you think about these two battleships?" He said, "I am for those two battleships." Of course, he was absolutely honest about it, because he believes in both a big army and a big navy.

CLUMSY OXEN OF THE SEA; STRANGE SITUATION

We have here a strange situation, one of the strangest in American history. I do not understand it. People are confused and it ought to give us pause if many differently thinking people and different groups are confused. Most people seem to think, somehow or other, by the use of two battleships that they will produce some magic that will give peace to the world.

Whether the oil to be poured on our troubled waters is standard or not, I do not know. What I am concerned about is not so much a battleship or two, or its sinking, but the ship of state.

Economic considerations seem to have been abandoned. The economic background of the war in China seems to have been completely forgotten, and when the real causes are forgotten, then is when more trouble begins to brew.

There is one thing certain in my mind, and that is that none of us have clearly in our minds the real necessity for these two battleships. Do we really need them? Are they absolutely necessary? I ask, Will we preserve peace by building these clumsy oxen of the sea?

I read in the newspaper that the President is going to send us a message on the subject of battleships and national defense. As far as I am concerned, I believe it is unfair of the Chief Executive to go ahead and permit us to vote on this particular bill, then come in and present a message for more battleships or more airplanes at a later time.

This whole question should be presented as a whole.

MORE AND MORE MONEY FOR BATTLESHIPS

I was talking to one of my colleagues and I asked him, "How are you going to vote on these two battleships?" I told him I thought I would vote against them. He said, "I think I will vote for these two battleships, but when the President comes in with the recommendation for two or three more I will vote against that proposition."

So, I replied, "Well, we might be both demagoging because I will vote against these two battleships and you will not vote for the next, but the people will get the five or six battleships anyhow, and, of course, the bills to pay for them." That is the practical result. We will keep on spending more and more money on battleships. The futility, the disappointment of all this is overwhelming.

There is one thing that is absolutely true so far as the world's history is concerned, and that is that foreign relations have always been a racket to cover the failures at home. [Here the gavel fell.]

Mr. MAVERICK. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

FOREIGN RELATIONS RACKET TO COVER FAILURES AT HOME

Mr. MAVERICK. Mr. Chairman, foreign relations have always been a racket, as I just said, to cover up failures in

internal or local situations. I do not mean by that any Member of this Congress, I do not mean that the Executive, and I do not mean that anybody else would start a war in order to cover up a local situation.

It is a mental excuse—or mental escape—and it has always been a mental excuse and a racket to keep from solving our problems in this country.

WHAT ABOUT OUR PROBLEMS? LET'S SOLVE THEM FIRST

What about the C. C. C.? We have forgotten all about the Civilian Conservation Corps.

What about unemployment? We seem to have forgotten all about that. We have a Budget providing, I believe, a billion dollars for unemployment, but everybody knows recent events mean we will have to increase this amount probably at least another billion or more.

What about the W. P. A.?

What about the minimum wages bill? Are we going to solve the problem of minimum wages by having a big Army and by being like Fascist Germany and having munitions factories running all the time to give present employment and later war? Are we going to solve our unemployment problem that way, and let our economic questions be unsolved, and for instance, let the minimum-wages bill go?

What about all the different bills we are supposed to take up for the benefit of the people of the United States, and what about the Democratic program?

Two battleships, my colleagues, seem to be blasting the Democratic program.

WHY BUILD THE SHIPS?—THE ADMIRALS SAY SO

I have not seen any reason advanced for building these two battleships other than that the admirals say we ought to have two more battleships.

NAPOLEON AND THE GRAND TACTIQUE—ITS GRANDNESS BROUGHT WATERLOO

We should have confidence in the admirals, but if you will go back through naval and military history you will find invariably that military men are not only reactionary from an economic viewpoint but strangely enough, reactionary from a military standpoint. Every man who becomes an admiral or a general begins to think of display and of vast groups of moving troops. One of the reasons Napoleon was beaten was that he adopted the "Grand Tactique," the kind of tactics where they had to have vast, cumbersome groups of men. He made his greatest successes in his younger days with fast-moving, well-equipped, well-trained armies.

What are we coming to in this country? We are building a gigantic Navy. Maybe we need it, but I am not yet convinced of that fact. I would vote for 50 battleships if I thought we needed them. We are building a gigantic Navy with a gigantic pay roll, and are sending too many boys to Annapolis, it seems to me.

We are doing this on the advice of the admirals and the admirals alone.

Mr. Chairman, we believed, since we voted that way, that we can wait a year as far as the selection system of officers is concerned. We have two battleships under construction right now which have not been completed, and we can hold up the matter of constructing further or additional battleships for a couple of weeks until we get the expected message from the Chief Executive and can make a coordinated plan of national defense.

I believe we should vote down the appropriation for these two battleships just as a gesture, if nothing else, for there is no immediate danger. I believe our vote should be against building them now, just so we can stop and think, because if we really need them we can enact the necessary legislation any time. [Applause.]

Mr. RANDOLPH. Mr. Chairman, I move to strike out the last word.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I am delighted to yield to the gentleman from Georgia.

Mr. RAMSPECK. May I ask the gentleman from West Virginia whether or not a bomb from an airplane can sink a battleship?

Mr. RANDOLPH. I shall be delighted to answer the question of the gentleman from Georgia, because I want to confine my remarks upon this particular amendment to the facts as I find them in connection with the efficiency of battleships as compared with bombers. I shall try to keep the extraneous matter out of my mind and discuss this immediate pending subject.

Prefacing my remarks, I should like to return to the great Battle of Jutland and say to the gentleman from Georgia that at that time Great Britain fired from its battleships 7,732 heavy shells of 12 inches and over, and out of that total there were only 100 hits. Germany in that battle fired 10,479 shells of 10 inches and over and had but 120 hits. This proves to me, first of all, before I answer the gentleman's question directly, that an expensive supply of ammunition was required for the number of hits made in comparison with the number of attempts, and, after all, in any war, it is not the number of tries we make that counts but the number of strikes we get. Approximately 2 percent of hits in actual combat was the record.

Mr. FADDIS. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Pennsylvania.

Mr. FADDIS. Will the gentleman also state to the Committee what the percentage of hits would be if a similar number of bombs had been dropped from airplanes, under battle conditions?

Mr. RANDOLPH. I shall answer the gentleman. I now come to that question, and I preface my remarks, because I am certain it would follow in order with this question. In 1936 the Navy officials and the Bureau of Naval Operations of the United States Government were chagrined because they felt for the first time there had taken place in this country something which horrified the old-time naval experts of the Nation. Here are the facts! Off Hampton Roads in 1936 an effort was made to prove this very point of which the gentleman from Pennsylvania speaks. Bombers from the Army Air Corps cooperated with the Navy Department in a joint maneuver.

Mr. FADDIS. If the gentleman will yield further, in what battle?

Mr. RANDOLPH. I am not referring to any actual battle now, but there will be battles some day in which bombers will be used to completely wipe out battleships. Off Hampton Roads it was proved that the bombers, flying with muffled motors at 14,000 feet, were able to sneak up on Navy ships without being detected and drop their bombs and hit a target 8 by 12 feet in size 75 percent of the time, and the Navy Department today does not dispute this fact. Of course, this was in 1936. In 1946 or 1956 accuracy of the bombers will be almost 100 percent.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Will the gentleman tell us whether or not this was done without the Navy knowing the airplanes were up there?

Mr. RANDOLPH. No; they had knowledge of it. This was a joint maneuver, with the Navy and the Army working together.

Mr. BOILEAU. Did the Army bombers sneak up on the Navy and drop these bombs in order to prove they could not have been hit by antiaircraft equipment?

Mr. RANDOLPH. Yes; the planes flew with muffled motors at 14,000 feet, and the Navy, with the knowledge the planes were flying there, were unable to stop this maneuver from being successful.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Ohio.

Mr. THOM. In a real encounter, however, there would be airplanes supporting the battleships being attacked by the enemy airplanes, and it would not be such an easy task for the enemy airplanes to come into the locality of the battleships and use them as targets. The attacking airplanes would be repulsed by the airplanes which were de-

fending the battleships or cruisers, if they amounted to anything.

Mr. RANDOLPH. In answering the gentleman from Ohio, let me simply say that I shall now point to an actual illustration of a small battleship that was attacked from the air. We need no further example than to go to the recent incident of the *Panay* sinking. Of course, that was not a great battleship, but it was a warship, and what happened? The planes came down within three to four hundred feet of that ship—

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. UMSTEAD. Mr. Chairman, reserving the right to object, and I shall not object, I have made no motion to close debate since the consideration of this bill started, and I do not wish to make such a motion. I should like to know, however, if it would not be possible to arrive at some agreement with respect to time for debate upon this amendment and this paragraph of the bill.

Mr. FISH. I would suggest that the gentleman from North Carolina ask how many would like to speak on this paragraph or on this amendment.

Mr. UMSTEAD. Mr. Chairman, five Members have indicated they would like to speak upon this matter, and I therefore ask unanimous consent that debate on this paragraph and all amendments thereto close in 40 minutes, and that I may have 10 minutes of that time, the time also to include the additional 5 minutes which the gentleman from West Virginia has requested.

Mr. FADDIS. Mr. Chairman, reserving the right to object to this extension of time, I think it is but fair that we know how many opposed to this amendment are going to be able to speak. So far those in favor of the amendment have secured all the time, and I believe there should be a fair division of the time.

The CHAIRMAN. The Chair will endeavor to divide the time fairly between those in favor of the amendment and those opposed.

The gentleman from North Carolina asks unanimous consent that all debate on this paragraph and all amendments thereto be concluded in 35 minutes after the gentleman from West Virginia has used the additional 5 minutes requested. Is there objection?

There was no objection.

Mr. RANDOLPH. Mr. Chairman, I may say that the present occupant of the floor has yielded to every single person who desired to ask him a question. I wanted to be fair in my discussion of this highly important matter.

Now, returning to the question of the gentleman from Ohio for a moment, as I have said, these planes came down within three or four hundred feet and the ship was sunk, and those of us who saw the news reels know what happened. Then let us go to Spain, Barcelona, and Valencia, and we see there aircraft killing not hundreds but thousands of persons, with only bombers taking part in that conflict. One bomb alone killed more than 200 persons.

The gentleman from Ohio has asked what would happen if there were other aircraft fighting back at these ships. They were fighting back at the ships in Spain, and yet that did not matter. We know there were more than 1,000 killed in a few hours, and that was more than were killed in days and days of actual combat fighting between the loyalists and the rebels on the ground.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. THOM. The gentleman will agree that the United States Navy has a good air fleet?

Mr. RANDOLPH. Which should be added to; yes.

Mr. THOM. If you agree to that, then it is reasonable to suppose that your fleet, representing the United States, is going to repulse the enemy air fleet and save the battleships and cruisers from destruction.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Illinois.

Mr. LUCAS. The gentleman has made a comparison of the accuracy of the German gunner on a warship in battle in line with a peacetime maneuver of an American bomber. Has the gentleman any facts and figures to show the accuracy of the American gunner on a battleship in a peacetime maneuver?

Mr. RANDOLPH. No; but I can say—

Mr. LUCAS. Would not that be a fairer comparison and a better test so far as the knowledge of this House is concerned?

Mr. RANDOLPH. I may say I wish I had that information. However, it is said by experts that our record will compare with the record I have given of the German gunner and the British gunner in time of fighting.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield again to the gentleman from Georgia.

Mr. RAMSPECK. The question I wanted the gentleman to answer is: Granting, for the sake of the argument, that a bomb can hit a battleship, can it penetrate the armor plate of battleships?

Mr. RANDOLPH. I may say to the gentleman I am certain it can. Perhaps not so successfully today, in 1938, but remember this program is designed for 10 and 20 years hence, and in 1950 we are going to find the number of tries meeting with about 100-percent success, and they are going to penetrate the armor of the heavy battleships. A bomber costing \$100,000, with a bomb of some 4,000 pounds in weight, has almost that amount of explosive. Yes; ships will be demolished.

Continuing further for just a moment—

Mr. FADDIS. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield again to the gentleman.

Mr. FADDIS. The gentleman is proceeding on the supposition that while airplanes will advance there will be no advance in protection against them.

Mr. RANDOLPH. I may say that the advance made in battleships is certainly a retrogression instead of a going forward. The day of battleships as effective defense agents is going fast.

Mr. THOM. Mr. Chairman, will the gentleman yield further?

Mr. RANDOLPH. Yes; I yield again to the gentleman from Ohio.

Mr. THOM. The fact of the matter is in the Battle of Jutland there were two battle cruisers, the *Marlborough* and the *Seidlitz*, that were struck by torpedoes. They stayed in the line and continued the battle, taking their part in it. That is the truth of the matter, and they also went back into their home port.

Mr. RANDOLPH. The truth of the matter is that in the Battle of Jutland about 2 percent of the actual shells fired were hits, and that is the highest mark that any country or any group of countries can ever hope to attain.

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. MAAS. I do not believe there is anybody more enthusiastic about aviation than I am, but does the gentleman think it is a safe policy or a wise one for us to eliminate battleships while other nations have them? You cannot fight a war with any one type of weapon, can you?

Mr. RANDOLPH. I may say to the gentleman that I feel today in this committee, in this House, and before the country the Congress should speak as to our deep-seated feeling against the expenditure of \$141,000,000 for the construction of two great floating targets. Remember, Members of this body, that the life of a battleship is some 20 years, and it costs \$2,500,000 to maintain a battleship for a year's time. Think of that fact! That does not take into account the cost of major overhauling nor does it take into account the food and the clothing and the cost of the crew. In 10 years there comes an added \$10,000,000 for modernization of the ship. Think of the billions being spent on such a program. There is folly in building such surface ships when with only a comparatively few millions we can give our Nation the

very finest national air defense. As I said day before yesterday while this Committee was sitting, we have to realize that at this hour the scene of warfare has shifted from sea and land into the air. We must establish an efficient, swift-moving and hard-striking defense in the air. [Applause.]

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. FERNANDEZ. Mr. Chairman, this amendment proposes to increase the appropriation for naval aviation, and if that is adopted by the Committee, as I understand it, a motion will be made to strike out the provision for the replacement of two battleships in the fleet. That brings up the question as to the vulnerability of battleships and airplanes. Before I dwell on that subject I want the record to show what the fundamental naval policy of this Government is. The naval policy of this country is proposed by the President of the United States, the Secretary of State, and the Secretary of the Navy. Here is that policy:

To maintain the Navy in sufficient strength to support the national policies and commerce and to guard the continental and overseas possessions of the United States.

To support this policy the operations of the naval forces are planned with a view to accomplishing the following purposes:

(a) To exercise and train the units of the fleet to the highest state of efficiency;

(b) To organize the Navy for operations in either or both oceans so that expansions only will be necessary in the event of national emergency;

(c) To protect American lives and interests in disturbed areas;

(d) To cooperate fully with other Departments of the Government;

(e) To cultivate friendly international relations; and

(f) To encourage civil industries and activities useful in war.

The operating-force plan derived from this study is prepared by the Chief of Naval Operations and sets forth the vessels and aircraft to be kept in commission and operated during the year in order to fulfill the mission imposed by the current approved policies.

Mr. BOILEAU. Mr. Chairman, will the gentleman be good enough to tell us the first reason again?

Mr. FERNANDEZ. It is:

To support this policy the operations of the naval forces are planned with a view to accomplishing the following purposes:

(a) To exercise and train the units of the fleet to the highest state of efficiency.

Mr. BOILEAU. I thought the first part had something to do with commerce.

Mr. FERNANDEZ. No, that is further down. To have that policy it is necessary to have certain units in the fleet—battleships, cruisers, destroyers, submarines, auxiliary ships, and naval aviation. I have searched, not the views of experts on these problems, but I have searched for other views. I am indebted to my distinguished friend from Ohio [Mr. THOM], a member of the committee, who in the CONGRESSIONAL RECORD of March 4 last in this House quoted the only authority that I can find on this question, and I shall read that authority for the benefit of the committee:

The same doubts of the value of the battleship in the midst of new and modern implements of attack from the air have afflicted the English mind and led to an investigation by a subcommittee of the Parliament Committee of Imperial Defense on the subject of the Vulnerability of Capital Ships to Air Attack, culminating in the issuance of a so-called White Paper, dated November 1936, in which the conclusions of this body of civilians were incorporated.

The names of the members of the investigating committee were: T. W. H. Inskip, chairman; Lord Halifax, Malcolm MacDonald, and Walter Runciman, the last named having just visited President Roosevelt, and who is looked upon as one of the strongest men in the British Cabinet.

Their report as issued is ably reasoned and written, and it leaves one feeling that the question of the degree of vulnerability of battleships is entirely debatable, especially when the strongest paragraph written in favor of the continued employment of battleships, hereto appended, is examined:

"If capital ships are essential to our security we must have them. We are dependent, as is no other nation, on the maintenance of our overseas trade. We have more to lose by making a false decision in so vital a matter than has any other power. Let no other great naval power, though with less risk than we ourselves should run, propose to do away with capital ships. Should we be the first to do so? Surely not, unless the question is settled beyond all possible doubt. We do not find that the question is so settled. It may never be settled without the test of war, but the information at present at our disposal leads us to believe that the day of

the capital ship is not over, now or in the near future; to assume that it is and to cease to build them would lead to grave risk of disaster.

"It is possible to state the matter in the simplest possible terms. The advocates of the extreme air view would wish this country to build no capital ships (other powers still continuing to build them). If their theories turn out well founded we have wasted money; if ill founded, we would, in putting them to the test, have lost the Empire."

This conclusion of the Commission I shall supplement with some of the supporting data in condensed form. It is pointed out that new forms of attack such as the airplane sooner or later produce new forms of defense. The last 40 years saw the advent of the submarine, the torpedo, and the mine. Naval experts turned their minds to counteracting the possible effects of their attacks on capital ships, and now the air attack must be combatted.

Bombing from an airplane, the Commission report points out, takes three forms. Level bombing is undertaken from a high altitude. Dive bombing involves attack from a steeply diving airplane. Torpedo attack consists of dropping torpedoes from aircraft at a low altitude abeam the ship.

What has been done to meet this power of the airplane?

First of all, armor plate has been thickened after tests have shown the penetrating power of bombs. In the new British capital ships, a turtleback arrangement of side and deck armor is planned to deflect aerial attacks. The ships will be outfitted for being made completely gastight on short notice.

In the way of offense, the battleship, as we all know, has the antiaircraft guns to fall back on, and the tendency is to increase the volume of fire. The Commission found that the rate of hits in tests of antiaircraft guns do not throw much light on their value because of difficulty in simulating real warfare. Interesting, however, are the facts produced that antiaircraft fire, even if nonvital, would unnerve the air forces and cause them to take poor aim in bomb dropping. It would also have a tendency to drive an airplane to higher altitudes, thus making its attack less sure.

The argument that more in the way of naval strength can be derived by spending funds for airplanes than capital ships was studied. The Commission found that 43 medium bombers could be bought for the price of a battleship. One of the witnesses estimated that the squadrons of airplanes needed for defense of trade and territory of Great Britain would entail a cost equivalent to that of 15 battleships. If this estimate were accepted, then the cost of the present battleship strength of England would be about the same as supplying the number of airplanes necessary to do the same work.

Having concluded my digest, I now close by reading the justification for battleships as given in the recent hearings on the naval appropriations bill by Admiral Land, Chief of the Bureau of Construction and Repair:

"The modern battleship is so designed, constructed, and built that while it is not immune—and I doubt if such a thing as complete immunity can be given—it is such an uninteresting target, due to its many protective features, devices, and so forth, that we are amply justified in proceeding with the construction of them. The menace of the air to a battleship is much less than the so-called proponents of the air ever concede, or are willing to concede. It, nevertheless, remains a fact. So that we feel with the design as now prepared and approved that the menace from the air is very materially reduced over what has been in existence heretofore, and that we should go ahead with this type of ship, which cannot only give but take and take and take punishment; it can take punishment far better than any other class of ship."

Mr. Chairman, I hope the amendment is rejected. [Applause.]

Mr. FISH. Mr. Chairman, I did not purpose speaking on this subject until the gentleman from Texas raised the question of foreign affairs and discussed the international angle, rather than the issue before us which is whether we should have two more battleships. I am rather reluctant in opposing this amendment, but I propose to vote for the two battleships. I do not claim to be an expert on this question and I do not know that anybody else in the House is an expert on whether we should have or should not have two battleships. All I know is that Great Britain, Italy, Japan, and France and the other naval countries have decided upon the necessity of having these great super-dreadnaughts. I do not know whether they are either useful or necessary. I do know, however, that all the other naval nations and their staffs have decided in favor of a policy to build big battleships. Therefore I believe our hands are forced. Furthermore, the Congress has already authorized the construction of two battleships. Under the Constitution the duty of the Congress is to provide and maintain a navy. That is not the duty of the President. It is our constitutional duty. We have already decided by authorization that two battleships should be built. There is no reason now to turn down our own decision, particularly in view

of the fact that every other naval nation is building these enormous battleships. I am voting for them reluctantly, because our hands are tied, because we have no agreement with other nations, to limit naval armament, because these two battleships maintain practically the 5-5-3 ratio, and when we are through building these battleships we will have 1,400,000 tons as against 1,100,000 tons for Japan giving us about 30 percent advantage over Japan, maintaining largely the original treaty agreement.

Later on I shall speak on one thing in which I am interested above all, and that is having another naval limitation of armament conference. In a little while—and I serve notice now upon Republicans and Democrats alike—there will be a real fight in the Congress when the President asks for any additional battleships, because I believe it amounts to a change in our foreign policy; because I believe that if we comply with the request of the President it means that we are willing as a Congress and as a Nation to guarantee the peace of the world by force and arms. This is not the American way, nor do the American people propose to adopt any policy that requires them to send soldiers to foreign lands to fight other peoples' battles. They do not propose to quarantine and police the rest of the world, which is absolutely opposed to the traditional policies of our country.

In the remaining few minutes I desire to correct the RECORD, particularly for the benefit of Republicans.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield for a very brief question?

Mr. FISH. Yes; but I ask the gentleman to make it brief.

Mr. MARTIN of Colorado. Is there anything inconsistent in voting for the additional airplanes as well as the additional battleships?

Mr. FISH. I could not advise the gentleman properly.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I am sorry, I cannot yield.

Mr. Chairman, I received this letter, and I read it for the benefit of the Republicans:

On last Sunday evening, during the weekly review of the news, Mr. H. F. Kaltenborn made a statement that should certainly be corrected. He made a sweeping statement saying that he was gratified to hear that in his speech Mr. Hoover was "in complete accord with the policies of the present administration, and shows to the world that we are truly a united people and will cooperate with other democracies to preserve peace and order in the world."

In answer I quote from a speech delivered by Hon. Herbert Hoover last Saturday at a luncheon meeting in San Francisco, when he said:

We should not engage ourselves to use military force in endeavor to prevent or end other people's war. We should not join in any economic sanctions or embargoes or boycotts in endeavor to prevent or end other people's war.

Mr. Hoover's entire speech on foreign affairs is a complete negation and repudiation of Mr. Kaltenborn's radio statement which was a gross misrepresentation of the facts.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for one-half minute additional.

The CHAIRMAN. Time for debate has been fixed and has already been allotted.

Mr. FADDIS. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. FADDIS. Mr. Chairman, I would ask the members of the committee present this afternoon to bear in mind, in relation to this question, that throughout the entire history of this Nation, American naval officers have been among the foremost and most successful naval officers the world has ever produced. Throughout our entire history we have never had one single naval engagement but what has reacted with the very highest credit upon the officers in charge of our Navy. We have before us today a bill based upon their recommendations, a bill designed to keep the American Navy in a certain ratio and proportion to the navies of the other nations throughout the world.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. I cannot yield.

The CHAIRMAN. The gentleman declines to yield.

Mr. FADDIS. In that ratio is calculated the number of battleships necessary, and I also inform the proponents of this amendment that our naval experts have carefully computed the number of airplanes necessary to support those battleships in the accomplishment of their contemplated missions.

In the very short time at my disposal, I call the attention of the Members particularly to the example given by the gentleman from West Virginia [Mr. RANDOLPH]. The gentleman from West Virginia used as the basis for his argument peacetime experiments carried on off the Atlantic coast of the United States at a time when there was not one single hostile force throughout the entire world in opposition to those airplanes.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. I cannot yield.

Mr. RANDOLPH. I yielded to the gentleman.

Mr. FADDIS. I am sorry; I cannot yield. The gentleman had 10 minutes; I have only 5. That example has no bearing whatever upon the question of naval armament. You can take a rifle, lie down on the ground, and shoot at a target when no man is shooting back at you and perform very excellently; but any man who has ever had the experience of lying down under battle conditions and shooting at a live target knows it is an entirely different matter. You cannot use as a yardstick peace time experiments carried out by the bombing of a battleship which has no means of retaliation as a basis to judge whether or not a bomb is deadly to battleships or how vulnerable a battleship is to bombing. Furthermore, I know you all read the newspapers. I call attention to recent operations throughout the world and ask to what extent in warfare airplanes have accomplished anything decisive in offensive or defensive action? Let your memory go back a few months to the time when the Japanese announced to the world that they intended to reduce the city of Nanking, China, in 3 days' time with their airplanes. Certainly, the Japanese had overwhelming superiority of the air. The Chinese had almost no equipment to combat those airplanes; yet, with all their bombing, the Japanese could not reduce Nanking with their airplanes, but had to depend on the infantry, the men with the rifles, the picks, and the shovels, with artillery to back them up. With all of their boasted superiority in the air, they had to resort to the infantry to accomplish their mission. They did not drive the Chinese civil government out of Nanking until they went in there with their infantry.

I also call attention to the fact that for the past year the city of Madrid, Spain, has been subject to constant attack by airplanes. All that was accomplished by the airplanes was to force the civilian population to get into dugouts and cellars. The soldiers are still there and still defending it successfully.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. FADDIS. I yield.

Mr. RANDOLPH. I would remind the gentleman that I yielded before my time was extended, and that is the reason I asked for a yielding of the floor a few moments ago. General Franco himself has made the statement that what success he has had in Spain has come about through the use of airplanes. The Japanese have also said that by spreading fear and desolation and death in China through the use of airplanes they were making their big successes.

Mr. FADDIS. General Franco's success has been nothing to brag about, despite his use of airplanes and other mechanization. He has not accomplished much in his drive on loyalist Spain, even though he has had all the mechanical assistance that Italy and Germany can furnish him.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield further?

Mr. FADDIS. No; I cannot yield further; my time is very limited. [Applause.]

[Here the gavel fell.]

Mr. HARLAN. Mr. Chairman, this debate which I have listened to for the last 2 or 3 days has been very illuminating to me and has disclosed two facts. First, we are wasting a tremendous amount of money in educating and training our naval officers, and, second, we have trained a group of naval officers who violate the basic law of human nature, which is the law of self preservation. Why should we have our naval and military academies when we can develop such outstanding experts by simply having our cadets and midshipmen go through the experience of a congressional election? I do not understand it. Our congressional experts are not only superior to our own naval staff and military staff, but they surmount and exceed the abilities of the staffs of all other civilized countries on the globe.

On the other hand, we have most unusual naval officers. I always knew they were brave. I knew they were ready to die when necessary. They are the men who probably have less to do with making war than anybody in this room, because very few of them even have a vote. All they do is prepare themselves and wait until the Alamo is attacked, Fort Sumter fired upon, the *Maine* blown up, or until England gets into a squabble with Venezuela; then there is a wave of passion throughout our country and we say to the naval and military forces, "Boys, go out and do your stuff." They know this is going to happen. They know they will have to fight with the weapons this Congress has provided. In the light of history they know they will be expected to fight even though we have given them no weapons.

If we knew what caused war we would know a lot more than we do now. The historical fact is that you and I and all of those that go to make up the rest of the mob called the United States get the war bug.

We are told that this war psychology is created by the manufacture of naval vessels and war munitions. Maybe so. At least I never heard of any munitions manufacturer, either in this country or abroad, attempting to placate war madness. Nevertheless, I do remember that this phenomenon had occurred many times in history long before we had munitions manufacturers. Whatever the source of this mob activity, which we call "the impulse to war," it is here; and when it attacks a foreign country and we are the objects of foreign anger the question we have to decide is "what to do to be saved," rather than why the attack occurred. Then we say to the Army and Navy, "You go out and do what we pay you to do." All they have to do is die.

Now, these officers come in and tell us what they want, what they need. They say they want two battleships because their prospective enemies are building battleships. They know that battleships are the backbone of the Navy. Yet we are told here that these officers want these battleships because battleships have upholstered seats and a dining room in them. In other words, those men would rather have upholstered seats and a dining room than protect their own lives and win wars! Obviously, they do not care anything about self-preservation.

What a laugh it is to substitute airplanes for battleships. I am not an expert, and I do not know anything about them, but there are certain facts we all know. A few months ago we had a dock strike on the Pacific coast which lasted for 60 or 90 days. I do not know just how long. During that time the food supplies in the Hawaiian Islands were almost exhausted. They were pleading and sending resolutions over here to us to stop the strike because they had no more food out there. What would happen if we ever lost control of our line of communication between the Hawaiian Islands and our coasts? In a war it would not make any difference whether we had Pearl Harbor, it would not make any difference how many soldiers or airplanes we had out there, we would have to give up the islands as soon as we could no longer feed their inhabitants. How are you going to protect our line of communication with airplanes? How are you going to protect these lines of communication with light ships that in the event of coming up against heavier ones would be blown out of the water? You have to have something in the way of a fleet

that can keep the sea if we are going to hold Hawaii and Alaska. If we really wish to keep an enemy from our Pacific coast, Alaska and Hawaii are indispensable.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. HARLAN. I refuse to yield.

Mr. JOHNSON of Minnesota. What about an air fleet in Hawaii?

Mr. HARLAN. If we are to protect our lines of communication it is necessary, for defensive purposes, to have something on which we can rely, something that will stay in the water no matter what hits it.

What has an airplane ever done under war conditions? The first ship designed for war purposes that was ever sunk under conditions remotely approximating war was the little gunboat *Panay*. If a wholly unexpected and indefensible attack by a fleet of airplanes that had very recently expressed their friendship; if an attack on a naval vessel having no modern antiaircraft guns, and if deliberate assassination can be said to approximate war, then the sinking of the *Panay* would be in that classification.

The planes came down within a few hundred feet in perfect safety, knowing that there were no antiaircraft guns, and dropped their bombs. What a difference such an attack is, however, from one on a naval vessel supplied with antiaircraft guns that can shoot accurately up to 20,000 feet. Some aviator by deliberately committing suicide, if he is lucky, may be able to drop a bomb close enough to a modern naval vessel to sink it, but that remains to be demonstrated.

If the gentleman from Wisconsin [Mr. BOILEAU] had seen, as I did, not more than 6 weeks ago, the target practice of our antiaircraft guns, he would not have so much confidence in the ability of the airplanes. Mr. Chairman, any airplane under war conditions that gets down below 20,000 feet, with our antiaircraft defenses, is in a very precarious position.

[Here the gavel fell.]

Mr. DUNN. Mr. Chairman, if one-fourth of the amount of money which is now being spent by every nation in the world for the construction of battleships and other devices which destroy human life and property would be expended for the abolition of poverty, sweatshops, child labor, the terrible social diseases prevailing throughout the world, and for all other progressive and humanitarian purposes, we would, undoubtedly, promote the welfare of mankind.

I am not opposed to the United States having one of the best navies and armies in the world; we should not be second to any nation; in fact, we should be so thoroughly fortified that we would be able to repel any nation or a group of nations who would try to invade our country. This talk about gigantic navies, armies, and bombing planes that all the nations in the world are building indicates that we have gone war crazy. All I have heard this afternoon on this floor is battleships, bombing planes, and so forth; in fact, it seems to me that we are now engaged in a battle on the floor of the House. Fortunately, up to now, nobody's nose has been punched. I hope that does not happen; however, if we keep on talking about battling, someone is liable to get hurt before the day is over. If this constant warring on one another and the terrible human misery is to be continued forever on this planet, I do hope that when poor humanity departs from this earth we will go to a place where there will be eternal peace and everlasting enjoyment. [Applause.]

[Here the gavel fell.]

Mr. MAAS. Mr. Chairman, I believe there is no question but that we need more airplanes in this country. Our air force now ranks about fourth as compared with the other nations, but it is utter folly for us to build airplanes at the expense of any other vital element in our defense system. I firmly believe the time will come when the battleship will disappear, but certainly while other nations have battleships it is imperative if we are to have any defense that we have at least equal strength for our own system in every defense weapon, including battleships. The foundation of all military operations, after all, is the foot soldier with the sharp blade. Even the bullets in his gun are only auxiliary to the bayonet on the end of his rifle. Every other arm of the Army, in-

cluding the airplanes, and even the Navy itself, are all auxiliary to the foot soldier. Every element is needed in a proper proportion to have an effective, balanced national defense that will succeed in defending the country.

These two battleships are only replacements of two battleships now over 20 years old. We know if we ever are threatened we will be faced with a superior number of ships, so it behooves us at least to have the most modern and capable defense weapons obtainable in our service. I hope the Congress will see its way clear as time goes on to build more airplanes and give us at least equality in the air, but our airplanes alone cannot defend this country. Further, no one element could defend our country successfully without a completely balanced complement, and battleships, under existing conditions, are a vital necessity. They are the first line of the Navy; in fact, the battle line of the Navy. An enemy with battleships could steam right through our auxiliaries if we did not have battleships to stop them. The type of gunnery on auxiliary craft, such as on the gunboats and all the way up to the light cruisers, would not stop a battleship, which could steam right into and destroy a port. I do not say airplanes could not sink battleships, but you have to see what you are bombing if you are going to hit it. The battleship can operate successfully under conditions which airplanes cannot operate, such as fog, smoke screen, sleet, and so forth.

I believe in airplanes as enthusiastically and as ardently as any man in the House, and I want to see plenty of airplanes built, but I primarily want to see a balanced defense system which has not a single weakness. Our whole defense may fail if we are weak in one branch. All may be wasted and lost without a proper balance of all weapons. We can have all the airplanes that can be manufactured, and they would be of no avail if some other type or element of military force could make its way through our lines. Further, the battleship can clear the way for transports carrying troops and make possible actual invasion of our country. Airplanes are not effective against ground troops, except to a limited extent. They have a place in destroying morale, but in themselves, without the auxiliaries of surface craft or ground troops, they are almost helpless. You cannot fight a war only with airplanes. You can neither occupy territory, nor drive out invaders merely with airplanes alone.

We are all familiar with the phrase "adequate national defense." Everyone in the country except those who actually hope to see our country invaded and destroyed, claims to be for adequate national defense. The controversy is always over what is adequate.

Some feel that we should only be able to fight in resisting the invader after he has reached our shores and landed. This may be a beautiful idea, but it is not practical wisdom.

The United States is never going to invade and conquer foreign territory. We want no more territory.

This does not, however, mean that we do not need mobile, far-reaching weapons for defense. To wait until an enemy has landed and occupied American ground is too late. At least, the cost of driving out an invader is a thousand times greater than preventing him ever reaching our shores.

The loss of American lives, including noncombatants, especially women and children, will be a hundredfold greater if we permit an enemy actually to reach our shores than by meeting him far out at sea and preventing him from getting into gun range of our coast cities, or, better yet, to keep him in his own country and prevent him from ever starting for over there.

The airplane carrier, with its hundred or more planes, must be protected, lest the very base of the planes and probably including the planes themselves be destroyed. The airplane carrier must have the protection of battleships.

Superiority in numbers, size, and type of each weapon is the best and most certain defense against that same type of weapon in the hands of an enemy. Other things being equal, the greatest number of foot soldiers will win on the battlefield, the greatest number of airplanes will win in the air, and the greatest number of battleships will win at sea.

When all boiled down adequate national defense means a defense system adequate and capable of defending the United States. This, of course, must be based upon the possible forces that might be employed against us. The more soldiers we face the more soldiers we need to repulse them. The more airplanes there are available to drop their aerial bombs upon our homes the more airplanes we need to drive them off.

The more warships that might steam to our coasts the more warships we need to meet them at sea and turn them back.

So when other nations increase their navies and their air forces we must increase ours if our defense is to be in fact adequate. Every dollar we spend for the Army and Navy is wasted if we spend one dollar less than enough to provide a defense system that will repel an invader and defend our country.

No matter how large our Navy is, it is too small if it cannot accomplish the purpose of protecting our coast. The job of protecting our coast is determined by the size of any force that is a threat to our coast. Therefore the greater the potential opposing force the greater the need for expanding our defense facilities.

If this be a naval race, we had better be the fastest runner. In war the second best navy is the one that is sunk.

We in the United States not only did not start a naval race but we took the initiative in an attempt to stop insane armament races. In fact, we are the only nation that actually made any genuine sacrifices in a heroic effort to limit the armament programs of the world. The rest of the world took advantage of our sacrifice to build up their own navies at our expense.

We are paying the price of our folly today. Because we were sincere and abstained from building ships, we are compelled to double our building program now so as to catch up to equality of strength sufficient to provide the adequate national defense for the United States that every Member of Congress swore to do when he took his oath of office to obey the Constitution. For the Constitution says that the Congress shall make provision for the defense of the country.

Since we are potentially threatened by the battleships of other nations, it behooves us to have adequate strength in battleships to meet any possible attack by such battleships.

I repeat, I favor substantial increase in our air forces for the Army, Navy, and the Marine Corps. We need alike the battleship on the sea and the aerial bomber in the air.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Ohio.

Mr. THOM. Is it not a fact the gentleman himself has had the experience of dropping bombs?

Mr. MAAS. Yes; I have had a good deal of experience in that line, and sometimes I hit things with them. [Applause.] [Here the gavel fell.]

Mr. UMSTEAD. Mr. Chairman, the pending amendment does not eliminate the provision for battleships from this bill. Most of the discussion to which you have listened has been directed at battleships, but the pending amendment has the effect of increasing the funds carried in this bill for aircraft by the amount of \$3,100,000, without any plan whatever having been submitted with respect to the type of planes for which the funds will be used, if the amendment be agreed to, or what manner or method will be devised to service such additional planes, or from where the officer personnel for them will come. Further, it has no regard whatever to the features of this bill affected by those very considerations.

Let me repeat, in substance, a statement I made on the day I presented this bill. We now have on hand of first-class planes 1,002. We also have of nonprogram planes, which may be used without restriction, 132. We have of planes on order today and not delivered, 652. We have funds now available to the Bureau of Aeronautics, to purchase 320 planes, for which orders have not been placed. Why? Because the Department is always seeking to buy something better and delays the placement of orders until it is satisfied that it will get the very latest product the ingenuity of aeronautical engineers has been able to devise.

We have today, beyond question, the finest naval air corps in the world and, our information is, the largest number of naval airplanes. When we provide for additional airplanes, Mr. Chairman, there are other things to be considered. Officers and men must be provided for their maintenance and operation. They make necessary adequate stations ashore at which they may be serviced. They call for aircraft carriers if not in the seaplane category.

Without posing at all as a military expert, as it would appear some Members of the House have done today, I should like to inquire of any man who, without weighing all of the incidental considerations, seeks to put into the service an unknown number of airplanes in unknown categories, if he appreciates the fact that it might occasion the provision of additional carriers, which cost in the neighborhood of \$31,000,000 apiece, and I should further like to ask him what he would do with the carriers if he did not have such additions to the fleet as would need to be provided for their protection. These are elements which enter into this discussion.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. UMSTEAD. I am sorry; I cannot yield now.

I am confining my remarks to aircraft at this time. The matter of battleships is not involved here, and I wish you to understand that the pending amendment does not eliminate battleships but seeks to add \$3,100,000 to an appropriation which is already well taken care of. We do not know what types of airplanes the amendment contemplates. If not carrier or ship based, then may I remind you that we do not have enough airplane tenders to service the seaplanes we now have. We are now building 1 and, besides 2 improvised tenders, are using 10 small converted mine sweepers as airplane tenders. An airplane tender costs in the neighborhood of \$11,900,000. As I said before, an aircraft carrier costs around \$31,000,000.

May I remind you further that, after all, the people who know best how many planes we should have and in what classifications we should have them, as so well suggested by the gentleman from Ohio [Mr. HARLAN], are the naval authorities themselves. There has been a lot of loose talk on this floor about admirals. I hold no brief for an admiral or a general, but why should Members of Congress come into the well of the House and unduly, without any justifiable basis, in my judgment, criticize and make light of the advice and recommendations of the highest ranking officers we have in charge of our national defense? Of course, they may have their faults, just as you and I, but certainly they are the ones in whose custody the defense of this country must rest, working with such implements and facilities as we provide in response to what they say they ought to have.

This is an important matter, gentlemen, and it goes to the very crux of the question of national defense. It is far more important than the mere question of appropriating an additional \$3,100,000.

It is a question of whether or not the Congress of the United States, upon the statement of Members whose attention, necessarily, must be devoted to a multitude of matters, will be guided by their statements as to the proper composition of our Navy—our first arm of national defense—or whether or not it will be guided by the best brains on that question that this country has been able to produce as to the size and kind and kindred elements of the defense establishments we should have, both the Army and the Navy.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. UMSTEAD. Not now; I am sorry.

Now, I do not wish to appeal to your emotions. I probably could not if I desired to, but I wish to say to you that this is the fact: When you undertake to set yourselves as judges over and against the expert and technical authorities on these questions, then I say to you that you arrogate to yourselves a responsibility that may jeopardize the security of the United States.

No man can accuse me of being a big navy man or a big armament man. I have come on this floor and opposed bills that I thought were unwise in the expenditure of money or that called for an expenditure unnecessary at the particular

time when advocated, but I am not willing to put my meager amount of knowledge upon these matters up against those whose life work has trained them to be experts and to know authoritatively about that which they speak.

We are now about to vote upon an amendment, not offered for the purpose really of increasing our airplane strength, not offered, I submit, fundamentally for the purpose really of strengthening our defense, but, I submit, for the purpose of eliminating provision for battleships from this bill, which are not involved in this amendment, but whose elimination will be proposed in a subsequent amendment. I say that is the moving cause of this amendment, and, I submit further, that if you will examine the record you will find that some of those who are supporting this proposition to increase the amount in this bill for the procurement of airplanes have not voted for a naval appropriation bill during the last 3 years. [Applause.]

Do not be misled, gentlemen. We have here in the guise of a move to augment our air forces a proposition which seeks to disrupt the program contemplated by the Vinson-Trammell Treaty Navy Act, and I call upon you and urge you, in the interest of proper procedure and in the interest of maintaining what we are advised and believe to be a proper proportion between the various categories of vessels and aircraft, to vote down this amendment and permit the Department and those whose business it is to decide how many airplanes and what character of airplanes we need in the United States Navy to pursue the course contemplated by the measure we have brought to you from the Committee on Appropriations.

I have not discussed battleships. The battleship is not an issue in this amendment, and I beg of you to remember that when you come to vote upon this amendment you will not be voting to eliminate battleships but that you will be voting to add \$3,100,000 to this bill for airplanes, and I hope you will not do it. [Applause.]

Mr. Chairman, I ask for a vote.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU].

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 25, noes 93.

So the amendment was rejected.

The Clerk read as follows:

Undrawn clothing: For payment to discharged enlisted men for clothing undrawn, \$248,400.

Mr. MAAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to have the attention of the chairman of the subcommittee and ask him how many additional marines are provided for in this bill?

Mr. UMSTEAD. One thousand, and also 20 additional officers.

Mr. MAAS. Can the gentleman tell us how many additional marines the Marine Corps requested, or was there any evidence that this is the proper number?

Mr. UMSTEAD. Of course, the only request that came to our subcommittee from the Department came in the Budget, and that was for 1,000 additional men.

Mr. MAAS. There is going to be a substantial increase in the strength of the Navy, with the construction program, and it has always been understood that the Marine Corps should bear a relationship of 1 to 5 to the strength of the Navy itself. What is the authorized or the appropriated strength of the Navy, independent of the Marine Corps, for the next year?

Mr. UMSTEAD. There will be on July 1, next, if all of the men appropriated for in the bill for the current fiscal year are enlisted, 105,000 enlisted men.

Mr. MAAS. That would indicate, based on this formula, there ought to be 21,000 marines.

Mr. UMSTEAD. I may say to the gentleman in reply to that statement that whereas that proportion is supposed to be followed generally, it does not necessarily follow, and, as a matter of fact, it does not follow that it has to be adhered to in order to have a proper complement. We had no informa-

tion and no evidence before our committee from the Department indicating that this number of Marines would not be sufficient.

Mr. MAAS. I believe, as a matter of fact, Mr. Chairman, there is a shortage of marines. They have organized the Fleet Marine Force now, which is way under strength, and I know that many commanding officers of navy yards are complaining that they do not have enough marines for ordinary guard duty.

Mr. UMSTEAD. Mr. Chairman, will the gentleman yield?

Mr. MAAS. Yes; I yield.

Mr. UMSTEAD. I believe the record of the last 3 years discloses that the Marine Corps has always received at the hands of our subcommittee the utmost consideration.

Mr. MAAS. I think that is a very fair statement. I think the committee has been very generous to the Marine Corps and has given them what they understood the Marine Corps required.

Mr. UMSTEAD. I know the gentleman is interested in the Marine Corps and I am satisfied, if he will observe what the committee has done for the Marine Corps in the last three appropriation bills, that he will agree that we have met, so far as we had justification for so doing, the reasonable requirements of the Marine Corps.

Mr. MAAS. Mr. Chairman, I am very happy to admit that and I think the subcommittee of the Committee on Appropriations on Naval Affairs has always been very generous with the Marine Corps. That is why I asked the question. It seems to me, that if there is a fault, it must lie somewhere before it gets to the gentleman's committee.

Mr. UMSTEAD. That must be so, because we have done what we were requested to do in the Budget and, in some cases, even more.

Mr. MAAS. I thank the gentleman for the information.

Mr. SCOTT. Mr. Chairman, I rise in opposition to the pro forma amendment. I do this for the purpose of directing what may be a usual question of the chairman, and that is this. The statement the chairman made to me yesterday about the reenlistment allowance for the Navy would hold good as far as the Marine Corps is concerned?

Mr. UMSTEAD. It would, according to my judgment, absolutely.

The Clerk read as follows:

REPLACEMENT OF NAVAL VESSELS

Construction and machinery: On account of hulls and outfits of vessels and machinery of vessels heretofore authorized (and appropriated for in part), and for the commencement of the following vessels authorized by the act approved March 27, 1934 (48 Stat. 503-505), two battleships, two cruisers of subcategory (b), eight destroyers and six submarines, and for the commencement of the following vessels authorized by the act approved July 30, 1937 (50 Stat. 544-545), one minesweeper, one submarine tender, one fleet tug, and one oiler, \$117,363,150, to remain available until expended: *Provided*, That the sum to be paid out of the amount available for expenditure under the head of "Construction and machinery" for the fiscal year 1939 for employees in the field service assigned to group IV (b) and those performing similar services carried under native and alien schedules in the Schedule of Wages for Civil Employees in the Field Service of the Navy Department shall not exceed 5 percent of the aggregate amount available under this heading on July 1, 1938: *Provided further*, That, of the appropriations made available by this act under the head of "Replacement of naval vessels," there shall be available such sums as the Secretary of the Navy may from time to time determine to be necessary for the engagement of technical services, and the employment of personnel in the Navy Department and in the field, the purchase of plans, drafting, and other supplies, and the expenses of printing and travel, in addition to those otherwise provided for, owing to the construction of vessels which have been or may hereafter be authorized.

Mr. BOILEAU. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BOILEAU: Page 50, line 6, after the second comma, strike out "two battleships," and on page 50, line 11, after the comma following the word "oiler," strike out "\$117,363,150," and insert in lieu thereof "\$114,763,150."

Mr. BOILEAU. Mr. Chairman, I stated awhile ago that I would offer an amendment to strike out the appropriation for commencing the construction of the two battleships, the

amount of \$3,100,000. On page 50, line 11, my amendment would reduce the amendment by \$2,600,000, and if this amendment be agreed to, the next \$500,000 will be deducted from the figures on page 51, lines 8 and 9.

I gave my views with reference to the usefulness of battleships earlier in the afternoon. In my judgment, battleships are absolutely useless as against bombing planes. The distinguished gentleman from North Carolina, chairman of the subcommittee, a man for whom I have the highest regard, made a statement in the closing part of his debate which I challenge, and which I think should be challenged by the membership of this House. His principal reason for supporting the appropriation bill before us today is that it has the recommendation and endorsement and approval of the Navy Department. He says that when the naval experts approve a bill, we should swallow it. He has already as much as said that when the President comes in here with a special message in a day or two, he is going to gobble it down hook, line, and sinker, regardless of what is recommended, because I assume that certainly the President's message will be based upon the recommendations of the naval authorities of this country, and the gentleman from North Carolina [Mr. UMSTEAD] has told us in advance that regardless of what those recommendations are he is going to adopt them and recommend them to us.

We, as Members of this House, have our own responsibility as Representatives, and if we believe that battleships are antiquated, as the gentleman from Minnesota [Mr. MAAS] intimated when he said that, in his opinion, in a few years there will not be any battleships, we ought to act now and get rid of those useless and extravagant appendages to our national-defense system.

Mr. MASON. Mr. Chairman, will the gentleman yield?
Mr. BOILEAU. Yes.

Mr. MASON. Does the gentleman know that in the New York Herald Tribune this morning there is an announcement of the fact that the President has a message to bring in here asking for a billion-dollar expansion of the Navy, including three additional superdreadnaughts in addition to these two?

Mr. BOILEAU. That alarms me. It frightens me. I wonder whom we are getting ready to fight? The gentleman from Pennsylvania in a very fine argument a while ago said that airplanes cannot go ahead and take land. Can the Navy take land? No; it cannot; battleships cannot come over here and take our land. There is no nation in the world that can land enough troops in the United States or our Territories, even if it had a navy twice as large as it now possesses, to take or hold these Territories or the continental United States, if we have a real, honest-to-goodness national defense from the air, such as I have proposed.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. RANDOLPH. The gentleman from North Carolina [Mr. UMSTEAD], for whom I have a high personal regard, has taken many of us to task because we oppose certain features of this bill, yet he himself has said that he reserved the right to exercise his judgment against and oppose certain other bills that have come here with the expert backing of Government officials.

Mr. BOILEAU. Yes. Of course, every program submitted to us has the recommendation of experts. The Secretary of Agriculture is supposed to be a farm expert; but did the Congress swallow his recommendations? The wage and hour bill had the endorsement and blessing of the experts of the Department of Labor. Did we accept that proposal? No; you Representatives exercised your own right to cast your vote according to the dictates of your conscience. I do not want to get into any cat-and-dog fight with any of the admirals. I do not have any ill feeling toward them, but just because the admirals say we should have a large Navy and more battleships does not relieve us of our responsibility of using our own judgment. We should listen, but we must be convinced. I agree that we should have adequate national defense, but I believe in defense only, and I am supported

in my views by many experts in this country, for whose opinion I have as high a regard as I have for that of any officials of the Navy Department, and they say that the ordinary battleship is not essentially for defense, but is primarily for aggressive warfare.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOILEAU. In 1932 Admiral Bristol, who was then Chief of Operations of the Navy, made a statement to the effect that the Navy is not for the purpose of defending our coasts and harbors.

He said that for that purpose we use mines, land fortifications, submarines, and the Air Corps. Admiral Bristol said that in 1932, and he is supported by many competent authorities in this country. Mr. Chairman, that, so far as these battleships are concerned, being a large part and the expensive and luxurious part of the Navy, we can well do without them.

The gentleman from North Carolina said that we have all the airplanes we need. I do not agree with him, and I reserve unto myself the right to say that I do not agree with him. I feel that my opinion is one that I should freely express in this House, as he feels about his own opinion. At least I have my own opinion and I am not bound in conscience just because some naval officer has spoken. I have the right to, and shall exercise the right to analyze the opinions of these experts; and where experts are unconvincing or differ, I reserve to myself the right to raise my voice and to cast my vote for the 300,000 people I represent, in accordance with my opinion of the reliability to be placed upon any statement of those experts whose views and opinions conflict.

Mr. MAGNUSON. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. MAGNUSON. I respect the gentleman's independence of mind. A moment ago he made a statement that he had some fear. I see my colleague from Oregon standing. We on the Pacific coast, if there were a war scare, would have something to cause us to fear, too.

Mr. BOILEAU. A battleship is not going to do you any good. See what happened a couple of days ago. Eighteen Navy planes went from the Pacific coast to Hawaii, more than 2,500 miles, and all reached their destination. That is efficiency. As the gentleman from West Virginia told you a little while ago, it was in a war game where the Navy was out on the seas looking for the Army, the Navy was looking for them, expected them, that the Army planes were able, while the Navy was looking for them, to sneak up on the fleet and at an altitude of 14,000 feet hit the small target. At this height a plane can dive first this way and then that way, change its course every few seconds, and it is impossible for antiaircraft equipment to reach them because by the time the bullet gets to the place they were, they have changed their course and are some place else. Remember, too, that these planes can hit a target 8 by 12 feet in size 75 percent of the time at an altitude of 14,000 feet. This being so, what could they do to one of these floating targets we call battleships?

[Here the gavel fell.]

Mr. THOM. Mr. Chairman, I rise in opposition to the amendment.

Mr. UMSTEAD. Mr. Chairman, will the gentleman yield? I would like to see if I can work out a limitation of time for debate on this amendment.

Mr. THOM. I yield.

Mr. UMSTEAD. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 35 minutes, not including the time used by the gentleman from Ohio.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. THOM. Mr. Chairman, we have been hearing today what, I fear, are curbstome opinions on the value of the battleship as an instrument of warfare. For those who are not lawyers, it might be well to say that a curbstome opinion is the kind that a lawyer offers to some friend who stops him on the street and asks a legal question. It is offered without any previous investigation or resort to the lawbooks for information. When the lawyer returns to his office it suddenly occurs to him that he did not take into account some certain factor in arriving at his curbstome opinion. He rushes to his lawbooks and closes them with the hope that the curbstome opinion will not be acted upon. I feel that those today who are so sure about the ineffectiveness of the battleship might change their minds if they, too, looked into the books and read of the past experience with the battleship.

The first menace to the battleship was the old torpedo boat. It was a small craft that literally sneaked up on the battleship, quickly discharged a torpedo and then disappeared. Its use was then hailed as the death of the battleship. However, the torpedo boat was soon driven from the seas by that new unit of warfare which we know as the destroyer. Battleships are now escorted by flotillas of destroyers which clear the way for them—and do this pretty effectively.

The next menace to the battleship was the submarine. During the World War it appeared for a time that the submarine had mastered the control of the seas. Again there came into play a well-established naval maxim that whenever a weapon of offense is created there is always an effective form of defense. The battleships of the English fleet made their way around during the World War and not a single one of them was torpedoed. Instead, His Majesty's ship, the *Dreadnought*, actually destroyed one submarine. Of the 400 submarines of the German Government, I believe 200 were put out of commission through the use of submarine chasers and destroyers. I think it is generally conceded that by the end of the World War the submarine's deadliness was pretty well counteracted.

We are now told that the battleship is wholly ineffective because of the possibilities of destruction from the air. We must acknowledge that the large bombers of the air will be its dangerous enemies. However, it is to be remembered that the battleship is not a fixed type and that its style is continuously changing to meet new opposition. It is now equipped with antiaircraft guns whose fire will continue to grow in intensity. Its armor is thicker and so arranged in turtle-back fashion as to deflect falling bombs. It must not be forgotten, too, that the battleship will have its own airplane escort and that the enemy airplanes will not have free occupancy of the air.

The airplane attacks the battleship in three ways: It drops bombs from a high level, and since the battleship is a small target, it is agreed that so-called level bombing from a great height does not offer much hope of success. Then there is dive-bombing, where the airplane swoops down to within easy reach of the battleship. This sort of a performance will be extremely hazardous in view of the antiaircraft defenses. Then the airplane can drop a time bomb in the water adjacent to the battleship. This will require a lot of skill. It is pointed out that the approach of hostile aircraft will be met by the airplanes of the fleet to be attacked. Whichever airplane fleet obtains control of the air will, of course, have a great advantage in attacking the battleships of the opposing force.

Anyway, it ought to be remembered that if the battleship cannot keep the sea, owing to the menace of aircraft, then neither can the cruiser, the destroyer, nor the aircraft carrier. In fact, no surface boats will be useful in naval warfare. The battle of Jutland, in which 28 battleships of England were engaged and 22 of Germany, did not involve any airplane fighting. All in all, in this engagement the battleship

performed very successfully. The German battleships by night broke through the cordon of English destroyers and reached their home harbor with a loss of but one battleship. This would seem to indicate that the battleship has a way of protecting itself and that it is not an easy prey for even the active destroyer.

This whole subject of the vulnerability of battleships, especially from the air, was studied by a committee of the English Parliament, and I am sure that their conclusions ought to have weight with us. Let me read from this report:

We do not find that the question is settled (whether capital ships are essential). It may never be settled without the test of war, but the information at present at our disposal leads us to believe that the day of the capital ship is not over, now or in the near future; to assume that it is, and to cease to build them, would lead to grave risk of disaster.

It is possible to state the matter in the simplest possible terms. The advocates of the extreme air view would wish this country to build no capital ships (other powers still continuing to build them). If their theories turn out well founded, we have wasted money; if ill founded, we would, in putting them to the test, have lost the Empire.

The CHAIRMAN. The gentleman from Washington [Mr. MAGNUSON] is recognized for 4 minutes.

Mr. MAGNUSON. Mr. Chairman, I am reluctant to speak on this matter because what I have to say is sectional and of necessity somewhat partisan. I am not an authority on naval matters, but I do know, Mr. Chairman, and I want to point out to the Members of the House, that the main reason for a Navy, if there is any justification at all for the expenditure of this money, is national defense. You may ask, "Who is going to attack us?" If you were to stop a hundred men on the street or if I were to quiz each and every Member of the House, the first answer would be, "If there is any threat of attack, it may come from the Orient or from Japan."

Mr. Chairman, we talk a great deal about airplanes and battleships. The Members of the House know that the tip of the Aleutian Islands is just 643 miles from the mainland of Japan. Did you know that in the past 3 years Japanese interests have been anchored 3 miles off the coast of Alaska, around the tip of the Bering Sea, scooping all of the Alaskan salmon out of those waters? We have asked them to stop, but what do they say? They tell us, "We will not stop until you quit fishing for tuna off the coast of Mexico." Probably that is a pretty good answer.

Mr. Chairman, in voting for this bill I do so in gratitude, because the Pacific Northwest is very grateful to the committee and to the House for realizing the need of national defense, whether it be by battleships or airplanes. I know if we are to meet the threat of an oriental invasion, if there be one, and I do not know whether there is or not, although that is the only basis for this bill, we need those battleships up there. We need airplanes, too. But as long as Japan is building these big superdreadnaughts I think we ought at the same time meet their building program. [Applause.]

What is the other reason for a navy? If you understand the oriental mind like I do, and I have lived among them, it is so that we will not lose face. Do you want my opinion as to why the Japanese sunk the *Panay*? All these Chinese over there are excited. They have had the feeling that here are England, France, and Great Britain all backing them up. Japan is afraid of these nations. Therefore the Japanese were losing face. They deliberately set out to save their face and stated in effect, "We will prove to these Chinamen we are not afraid of anybody. But who will we pick on? Who is the greatest nation in the world?" They, therefore, went out and sunk a little ship for us so that the Chinese would say to themselves, "Well, they are not afraid." Japan has, therefore, not lost face with China and this started demoralization of the whole Chinese Empire.

Mr. Chairman, I repeat, I am grateful for the attitude of the House. I know my colleague from Oregon is, and I know the Delegate from Alaska is, because if there is any threat, it comes to our sections of the country.

Mr. BOILEAU. Will the gentleman yield?

Mr. MAGNUSON. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Does the gentleman believe we should go in competition with these face-saving propositions?

Mr. MAGNUSON. No.

Mr. BOILEAU. Does the gentleman think we ought to have additional battleships to save our face?

[Here the gavel fell.]

Mr. BIGELOW. Mr. Chairman, I am convinced that we cannot get all the defensive power in the Navy that we want without taking the risk of getting an offensive power that might be abused. Certainly we do not want a Navy to go swaggering around the earth shaking a big stick and involving us in other people's wars. But we do want a Navy that is adequate for our defense. I am incompetent to judge how much of a Navy we need for that. I must leave that to the judgment of others, and I prefer to leave it to the judgment of the technicians advising the Government.

In the present state of the world, I would like a Navy that could meet, a thousand miles from our shores, the navies of any and all our foes and say to them, "You shall not pass!" Behind such a Navy, I would have an impenetrable line of defense of submarines and bombing planes and forts, to make the words of Lincoln true, who in his day said that a "foreign foe could not make a track over the Alleghenies or take a drink in the Ohio River, not in the trial of a thousand years." But I would not lift a little finger of the might of America against any other nation. I would keep the Paris pact renouncing war as an instrument of national policy, even though all other nations dishonored it. Against any other nation's insults or aggressions, I would take no revenge, except to seal our ports against the trade of the offending nation and deny to any of its ships the right to come within gunshot of any American coast.

Although I have determined to vote for all the naval power which the bill provides I did vote for the Ludlow amendment and I will do it again, the first chance I get. I was pained to hear the President and Members of this House say that a referendum vote on war would be subversive of representative government. As an old champion of the initiative and referendum, I would say that, when on the gravest of matters the people choose to speak for themselves by their direct vote at the polls, they do not subvert representative government, but merely take the precaution of insuring the representative quality of their government. I would go further than the Ludlow amendment. I have, this week, introduced a proposed constitutional amendment which prohibits the use of the draft in conscripting citizens for military service on foreign soil. We reprobate the totalitarian states of Europe, claiming that the individual has rights which even states are bound to respect. I think the right of the individual is violated when the President and Congress break into the home that is every man's castle to seize his sons, to shoot them if they protest, to ship them 6,000 miles away, to put them in vile trenches to kill or be killed. If there is anywhere that the line should be drawn between the power of the state and the right of the individual, it is there.

This, I think, is the international policy to which we should be adhering:

Asia for the Asiatics—let them fight their own wars;

Europe for the Europeans—let them fight their wars;

And the United States for anybody that can come and take it. [Applause.]

Mr. MOTT. Mr. Chairman, the distinguished gentleman from Wisconsin [Mr. BOILEAU] in his usual energetic and conscientious manner made two statements. One was that it was impossible for a foreign power to make a landing upon our shores, and the other was that the fleet was not a defensive weapon.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield.

Mr. BOILEAU. I said battleships.

Mr. MOTT. That a battleship was not a defensive weapon. I disagree with both of those statements, and I also disagree with the view so often expressed in this debate that an

attack upon the United States by a foreign power is an impossibility, or even an improbability. Anyone who has paid close attention to the trend of recent developments in the Orient and who does not see and realize at least the possibility of the involvement of this Nation with an oriental power is, it seems to me, emulating the ostrich. I would be happy if I could believe there is no such possibility, but the fact is that many people who have made the greatest study of this question are of the opinion that such a war is not only a probability but that it may be unavoidable.

No one wants war; not even a war of self-defense. As for an aggressive war, our people would not tolerate it. Everybody knows if we get into a war with any foreign power it will be a defensive war, and that it will be brought about because some foreign power has attacked us. The probability that a foreign nation at sometime will attack us and that we will be obliged to defend ourselves against that attack is the whole theory upon which our national defense rests. If there is in fact no such probability then, obviously, there would be no reason for an army, or a navy, or for any program of national defense at all.

Above everything else let us not deceive ourselves as to that fundamental and basic fact upon which the whole idea and the whole reason for a national-defense program is predicated.

The probability of war, the probability that at sometime we would have to defend ourselves against an attack from an aggressor nation, has always been with us. And I say now that those factors which make for war, and those reasons and considerations which have always impelled free peoples to arm themselves and to be prepared to meet an attack, have never been so apparent and so prevalent as they are today.

We are living today in a world gone mad. Liberty and freedom have been crushed by dictators in many countries. These dictators have no respect for the rights of their own people or for the people of other nations. They take what they think they can get and if to take it means the conquering of another nation that nation is conquered unless it is strong enough successfully to resist. These dictator governments have no scruples, no principle, no respect for treaties, no respect for anything except force. Would Italy have invaded Ethiopia if Ethiopia had had an adequate national defense? Would Japan have invaded China if China had been adequately prepared to meet the invasion? What motive except greed and avarice and the lust for power prompted these invasions? What made those invasions possible except the fact that the countries invaded were not prepared to repel the invasion?

What reasonable grounds have we for believing that this or any other free nation would escape invasion if the democracies of the world were not prepared to resist invasion? We have escaped because thus far we have been prepared. And it is our duty to continue to be adequately prepared to successfully resist any threat of invasion. That is the only kind of preparedness that is effective or that is worth anything.

Now, as to the Navy. I have said that if war should come it will be a defensive war. But that does not necessarily mean that it would commence on our shores. It would commence, in all probability, with a major naval engagement. And that engagement would likely take place somewhere near either the Hawaiian Islands or the Aleutian Islands. It is entirely conceivable that such a battle would result in the destruction of either our own or the enemy fleet. Should the enemy power defeat the United States in this naval engagement, which is certainly not impossible, may I ask the gentleman from Wisconsin what we have on the Pacific coast to prevent a landing either in Puget Sound, the mouth of the Columbia River, San Francisco Bay, or southern California? We could not possibly prevent such a landing. Certainly we could not prevent it at the mouth of the Columbia, which is utterly defenseless.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield for an answer?

Mr. MOTT. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. I may say to the gentleman we can have bombing planes, and if we do not have enough of them we ought to have more. Bombing planes will prevent any fleet from landing all the supplies and equipment they need to come over here and take us.

Mr. MOTT. In reply to the gentleman from Wisconsin, I may say that, in the first place, we have no bombing planes anywhere in the Pacific Northwest which could stand off a major air attack. At the mouth of the Columbia we have nothing. There is nothing there which will meet an attack from the sea in the air.

Mr. BOILEAU. Will the gentleman support my amendment to increase the appropriation for bombing planes? They can put them all out on the west coast as far as I am concerned.

Mr. MOTT. I do not support the gentleman's amendment because the real purpose of the gentleman's amendment is the elimination of the two additional battleships which are necessary to make the first line of defense in the Pacific effective.

Mr. BOILEAU. The gentleman can subtract 2 from 2.

Mr. MOTT. The battleship is just as much of a defensive weapon as is the airplane, and we need them both. And I think it is generally conceded we are going to have them both. We are not in a position at the present time to say what a bombing plane can do to a modern battleship, because it has never been tested. We do know, however, that up to this time experience in actual warfare has shown that the only weapon which will successfully meet an attack from a battleship is another battleship as large or larger than the attacking battleship. This is why we need a fleet in the Pacific Ocean which will be as large or larger than that of any other power which is likely to attack us.

When we do have such a fleet, and it is the purpose of the present naval program to provide it, we should protect the entire Pacific coast, most of which at the present time is entirely defenseless, not only with shore defenses but with adequate air forces based at every vulnerable and strategic point on that coast. At the mouth of the Columbia River, between Oregon and Washington, there are no modern defenses of any kind. A landing could easily be made there by any strong oriental power which might desire to attack us. The proper defense of that area should be made an important part of the military and naval establishment on the west coast.

[Here the gavel fell.]

Mr. VOORHIS. Mr. Chairman, the gentleman from Ohio [Mr. BIGELOW] has made the major portion of my speech for me. Had I been recognized before he was I would have said the same things he has said. I should have said that I voted for the Ludlow amendment and would vote for it again. I should have said that I, too, am for whatever defense armament the United States needs. I should have said I was willing to vote for any number of battleships or any other kind of armament which could be proven to me to be necessary for that purpose. I should have said I do not believe I can interpose my judgment about these technical matters against the judgment of other people better qualified. As a matter of fact, after long deliberation and studying carefully everything I could hear or read, I have decided I will vote with the committee to retain these two battleships. [Applause.]

I do this, however, with a certain heaviness of heart, for I realize that the building of these ships will not only add to our Navy but to the profits of munitions makers, who at this very moment are selling munitions to Japan. This is true because we have not taken the profit out of armament by nationalizing our munitions industries.

I want to say at this time that I believe the charges against those who are opposing these appropriations, on the ground that such Members are interfering with something they have no business to question, are utterly unfounded and ridiculous. After all, these gentlemen are not trying to interpose their judgment on technical military matters against the judgment of people who they know are

better informed than they. What they are trying to do is to have some influence in saying what direction the foreign policy of America shall take. It seems to me they have not only a perfect right but a duty as Members of Congress to take such a position. I certainly expect to take that position myself.

Had a perfected Ludlow amendment passed, there are those of us here who would have felt much more ready to vote money for ships and arms, because we would have felt that the people themselves would have possessed a means of preventing America's sending an army away to far distant foreign wars.

Now, I recognize, at least, the impossibility of our expecting that under the pressure now existing in the Far East this country can just say, "We will pick up and go home."

I recognize this would be interpreted as a sign of weakness. However, I believe at the earliest possible opportunity we should get out of China and out of every other nation where we have interests within the borders of that nation which we are expected to protect by force of arms. For we must recognize that if we propose to keep the peace, and if we propose at the same time to take a dignified and strong stand, we must pay some attention to the position where we take that stand. Is it to be on the continent of Asia, in Asiatic waters, or along the Alaska-Hawaii-Panama line? This is of utmost importance, because the extent to which our interests are allowed to reach throughout the world will determine the degree of likelihood of our being involved in war. May I make it clear that trade and commerce freely carried on constitute a very different thing from property interests and extraterritorial rights within the borders of any other nation whatever. To have peace in the world, perhaps, we must have a strong navy. We are providing for it today. But there must be sought, in addition to the curbing of aggression, a defensible world economic adjustment among the nations.

In conclusion, may I say that the most important matter in connection with this whole question has not yet been discussed. I mean this: If we permit loose talk about war which has gone on in this House today to continue and build up, the main effect of it will be to stop short every progressive domestic measure and every attempt to solve our domestic economic and social problems. For constructive progress on such humane measures as old-age pensions, public works to employ the unemployed, a workable and just monetary system, fair wages, and fair farm prices is about as likely to take place in the midst of war psychology as grapes are to grow on the scriptural thorn bush.

My earnest hope is that, with adequate national defense provided for, we will quit waving the bloody shirt and get down to business on some of our unsolved social and economic problems. If what the strongest advocates of armament tell us is true, then we should be able to do this.

Now, here is the reason I am afraid and here is the reason I am worried. Talk about national defense! True, this bill appropriates some \$11,000,000 less than the Budget estimate; but I think it most significant that we have not heard a word today or during the course of this debate about balancing the Budget, although we have under consideration a \$500,000,000 appropriation bill. Why not? Because people recognize it is absolutely essential to appropriate money for national defense. This is true, and I agree; but, believe me, an even more fundamental necessity is to appropriate sufficient money and make enough other real reforms so that Americans willing and eager to work and who are at present walking the streets without work shall be able to have it. We have got to make the right to work and earn a living—mind you, I did not say the right to receive a dole—a fundamental right of American citizenship, because unless you have a population that can be assured of an opportunity to work and earn a living you have not a solid foundation for your very civilization. The basis of our talk today is national defense, not the Budget. The basis of our talk when we get to dealing with the unemployment problem, which better be soon, ought to be simple, human justice. I am

convinced that if that is the basis we will balance our Budget sooner than otherwise.

Mr. Chairman, it is important that we realize that that kind of approach to our economic and social problem is equally a part of national defense. [Applause.]

Mr. JOHNSON of Oklahoma. Mr. Chairman, I was surprised and, in fact, amazed to hear the statement of the gentleman from Oregon [Mr. MOTT] a few moments ago. If I understood him correctly, he stated in substance that it is generally conceded by a majority of the people in a position to know, or who have made a close study, that war with Japan some time in the future is inevitable. I hope I misunderstood what the gentleman said.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield.

Mr. MOTT. The gentleman did not correctly quote me.

Mr. JOHNSON of Oklahoma. I am glad I did not understand the gentleman correctly and would be glad for the gentleman to now state what he said, if he desires to do so.

Mr. MOTT. My statement was that it is the opinion of most people that an involvement of this country in a war with Japan is not improbable and that, in the opinion of many of those who have made the closest study of the matter, war with Japan is inevitable in the future.

Mr. JOHNSON of Oklahoma. I thank the gentleman for his statement. May I suggest that my hearing was not bad after all. But I do not for a moment agree with my good friend from Oregon. I do not believe that 1 percent of the Members of this Congress or the informed citizens of this country feel that war with Japan or any other country is inevitable. I cannot conceive of such a condition being true. I have noticed, however, that during the past several years every time it has been decided to pass a big Navy bill, carrying additional battleships, it always happens that we have some kind of a war scare and the big Navy advocates begin talking in glittering terms about the next war. But so far as I recall, the gentleman from Oregon is the first to assert that those who have made a study of the situation feel that war is inevitable.

Now, if this \$550,000,000 Navy program is desirable at this time, let us say so, but I submit in all candor that I am getting tired of being rushed off my feet with these war scares. If we can judge the future by the past, when this big Navy bill is enacted, which now seems certain, we will hear little more about a war scare with Japan or any other country, until it is decided to appropriate hundreds of millions more in order to get another fleet of battleships.

Mr. MOTT. Mr. Chairman, will the gentleman yield for just a question?

Mr. JOHNSON of Oklahoma. If I had the time I would gladly yield to the able and distinguished gentleman from Oregon, but my time is short.

Let me say again what I have stated on this floor and before the committee, that it all depends upon what this appropriation is intended for as to whether these huge floating palaces should be included in this bill. If it is our purpose to properly and adequately prepare ourselves for national defense, then I submit in all fairness that America needs coast defense, additional air bases, more and better bombers, faster and better cruisers, more destroyers, and submarines rather than the big expensive, slow battleships that are seldom used in any warfare and certainly not urgent to defend our own borders.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. Please let me finish my statement and then I will be glad to yield if I have time.

If we are really preparing for a war of aggression, or if this Congress feels that Uncle Sam should continue to patrol Chinese and Japanese waters or some other foreign waters, then certainly we ought to have bigger, faster battleships and a lot more of them. Of course, it will take 4 or 5 years to build one of them, and then within another 5 or 10 years the big, clumsy, slow battleship will be out of date if not entirely obsolete. Japan will build faster ones and lengthen the range of the guns as she is in fact already

doing. Then when the next Congress convenes someone will discover that Japan has 18-inch guns and point out that those provided for in this bill are only 16-inch we will have another war scare, and someone will discover that war with Japan or some other foe, actual or imaginary, "is in the future inevitable."

Just where is such a naval race going to end? Remember it has been only a few years ago, after a so-called disarmament conference here in Washington, that this Government actually took five American battleships out in the ocean and sent them to the bottom of the sea while the band played The Star-Spangled Banner. All this in the name of peace.

I repeat, Mr. Chairman, in all seriousness, it is a question of what we are preparing for here today. Are we preparing for our own national defense or are we preparing for a war of aggression?

I have stated on many occasions that I believe in adequate national defense. I favor all national defense possible to protect our own borders against any and all foreigners from any part of the world, but I say again that I am unalterably opposed to accepting blindly the advice and counsel of the so-called naval experts who have been taught that what America needs is these huge floating palaces. [Applause.]

Mr. JOHNSON of Minnesota. Mr. Chairman, the gentleman from Oklahoma does not have to worry about the United States not being ready for war. This is the pattern of 1914 all over again, with one exception. In 1914 the Kaiser and the Czar and France and England were girding their loins and were armed to the teeth for the next world war. Teddy Roosevelt went over and visited the Kaiser and told the Kaiser he could lick the world with his military machine. We were not quite prepared, and we had to wait 3 years to save democracy, and then we took a good shellacking financially.

Now, we are not going to do what we did 20 years ago. We are going to be ready so when they do have a battle we will be ready to take a part in it, and take a great big part, and save this world for democracy once again, and come back to the American taxpayer with another \$24,000,000,000 worth of debts.

This is all this program is going to lead you to. It is a big building program, and when you have this Navy you have got to use it. When you have such a Navy you will have people like one of the Mrs. Roosevelts who was in China and got mad at the President because he would not send the Navy over there so she could finish her Cook's tour of China recently.

This is the situation now, and the gentleman from Oklahoma does not have to worry. When the next war comes along we are going to be ready to jump into it from the top just like a frog off of a lily pad.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Minnesota. I yield.

Mr. KNUTSON. I do not know against whom we are arming, but it seems that every time we have a naval appropriation bill before the House there is some Ethiopian in the woodpile, for whom we have to keep our eyes open, who is threatening our national existence.

Mr. JOHNSON of Minnesota. The Ethiopian is probably William Randolph Hearst out on the coast.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Minnesota. Yes.

Mr. BOILEAU. Can the gentleman tell me with respect to battleships why we always have them in pairs? They call them sister ships, but I do not know why we always have them in pairs.

Mr. JOHNSON of Minnesota. Well, you have to open at least with more than a couple of jokers. [Laughter.]

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Minnesota. Yes.

Mr. O'MALLEY. The gentleman realizes, of course, that without more battleships we could not cooperate with England in patrolling the Pacific, as seems to be the intent of some of the shirt-tail brigade of the British Foreign Office in our State Department.

Mr. JOHNSON of Minnesota. There is a book out now called "England Expects Every American to Do England's Duty."

Mr. MOTT. Does the gentleman from Minnesota believe in naval defense at all?

Mr. JOHNSON of Minnesota. Yes.

Mr. MOTT. Does the gentleman believe that it is improbable or impossible that a foreign nation may attack us?

Mr. JOHNSON of Minnesota. I do not think it is impossible, but I know that we had to travel 2,000 miles to get to the last fight.

Mr. MOTT. The gentleman thinks it is improbable that any foreign power will attack this country?

Mr. JOHNSON of Minnesota. Oh, I do not think Japan is going to bother your citrus crops at all out there in California or on the coast.

Mr. MOTT. Then why is the gentleman in favor of any naval defense at all, since it is improbable that such a thing may occur?

Mr. JOHNSON of Minnesota. I do not want a naval defense like the gentleman from Ohio [Mr. THOM], who, when talking about battleships, always gets back to the point where he says that if the bombers come and if our battleships are there, we will have other bombers to fight them. In other words, that battleships are just out for the sake of a ride on the waves, and that is why they are in this kind of a program.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. HARLAN. Mr. Chairman, this prolonged debate has impressed me that we are suffering from confusion of reasoning rather than material difference in what we are trying to do. We have confused our unanimous aversion to a foreign war with our ideas as to the methods of conducting a war when we get into one. The reasoning goes something like this: We do not like foreign aggressive wars. Naval vessels of attack make foreign wars possible. Therefore, eliminate vessels capable of carrying a war to the enemy. The fallacy in this reasoning is that no one has ever produced any satisfactory evidence that the possession of weapons or the lack of weapons has ever affected our inclination to go to war when the mania hit us.

We started the Civil War, as General von Moltke said, "with armed mobs." In the nineties we were bristling to fight Great Britain over the Venezuelan border dispute with practically no Army or Navy at all.

There is no instance in our history which would prove that the possession of weapons has anything whatsoever to do with our inclination to fight when our mob passions are aroused.

The second fallacy is that even though we are fighting a war purely of defense we all want to win the war. To win any war, whether offensive or defensive, we must have weapons comparable to or better than the enemy. Since every power with whom we might possibly become engaged has weapons of offense, we must have them also, or end the war by defeat or stalemate. We could never hope for victory.

Nobody wants a foreign war. We want to protect this land and our possessions, and that is all we want to do, but there is not enough money in the Treasury of the United States to do that at the coast line. It would necessitate adequate fortresses, armed forces, mines, and airplanes at every point on our coast. We simply cannot afford that.

If we get into a war, whether it is offensive or defensive, our tactics are just the same. We must strike as hard as possible as quickly as possible and keep war's destruction as far from our land as possible. Who would ever think of one of two football teams, for example, saying to the other, "You can have the ball all of the time; all we will do will be to defend the goal." That would be absurd, and just as soon as we tell foreign powers that we have no navy that can take the offensive, the war is over so far as we are concerned.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I cannot yield now. All the enemy would do would be to move around from place to place and attack

us in different places, and we could not defend ourselves. Any war, offensive or defensive, has to be carried on by aggressive tactics. Do you want just to sit around and have your ports blockaded, your merchant ships sunk, and yourselves starved to death by the enemy? We will never do that. No nation has ever won that kind of a war. If we get into a war, we want to win it; and if we do, we have to have instruments of attack as well as defense, and the advice and opinion of men who have given their lives to this purpose, who know what we need, should be followed. I think we are safe at least in following their advice, or we should get other naval experts whose advice we can follow.

The gentleman from Wisconsin [Mr. BOILEAU] talks about these bombing planes darting and ducking around and dropping their bombs, and said that we could not hit them.

A modern bombing plane, if it is going to hit a target, has to sail for a very definite length of time on a straight line. Otherwise, if it darts and ducks around, as the gentleman from Wisconsin suggests, we do not need to worry about it, because it cannot hit anything, and it is that feature that has made our antiaircraft defense guns so absolutely effective. We can take a sight on a plane and then take a second sight, and we know the height, and the distance, the speed, and the range, and knowing the plane must go in a straight line if it is to drop bombs, we can hit it. If the gentleman had seen that as I have he would not talk so glibly about the effective dodging power of bombing planes.

Mr. BOILEAU. Oh, I think I have seen about 25 times as many airplanes in active service as the gentleman.

Mr. HARLAN. Probably the gentleman did, about 20 years ago. Comparatively, that was the neolithic age in antiaircraft defense.

Mr. BOILEAU. I have read up on the subject and I know something of what I am talking about.

Mr. HARLAN. I will admit that I am no expert.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FADDIS. Mr. Chairman, first I want to say that the reference of the gentleman from Minnesota [Mr. JOHNSON] to the book *England Expects Every Man To Do His Duty* seems to be upside down. The gentleman quoted it on the wrong side and it is quite evident that the gentleman has read only the title of the book and not the text, because it is anti-English not pro-English propaganda.

Mr. Chairman, it should be quite apparent by this time that the design of those offering the amendment increasing the appropriation for airplanes was anything but sincere. Those who professed to be so favorable to more airplanes for the Navy, now are back with an amendment which most certainly would hamper the operation of the airplanes already there. They wish to take away the battleships which are the protectors of the carriers of the planes and the auxiliary craft necessary to their maintenance and operation. The airplane is not a self-sustaining unit of warfare by any manner of means. It is the least self-sustaining of any of the implements of warfare. It must have a nearby base from which to operate. It is what should be properly called a weapon of opportunity. Unsupported and unassisted it has a very limited opportunity for operation.

I now want to take up the argument that the gentleman from Wisconsin [Mr. BOILEAU] advanced when he quoted Admiral Bristol in reference to the defense of our harbors. The gentleman quoted Admiral Bristol, if I did not misunderstand him, as saying that our coast line could be defended by means of mines, coast fortifications, and such appliances. Am I correct?

Mr. BOILEAU. I stated that Admiral Bristol claimed that the protection of our harbors and our coasts would be largely by use of the Air Corps, submarines, mines, and land fortifications. He made that statement in 1932.

Mr. FADDIS. Exactly; I thought I understood the gentleman correctly. I submit to the members of the Committee this thought, that when any unit of naval or military forces is sent out with the object of protecting a certain territory, it is not sufficient in the accomplishment of that mission

that they squat down on the city or particular piece of land they seek to defend. It is impossible to defend any city or piece of land in that manner. In order to defend any certain section of the country, any city, or any other part of the coast line it is necessary to go way beyond the section which it is sought to defend in order to prevent the forces of the enemy from bringing to bear on it the fire of whatever forces they are bringing against the section. Otherwise they will lie outside the range of all the mines, torpedoes, and everything else you can bring to bear against them, and reduce it by gunfire. We have a very recent example of this in the manner which the Chinese employed to defend Shanghai. They did the best they could because of their lack of battleships. They undertook the defense in the very manner advocated by the gentleman from Wisconsin, and today Shanghai is a mass of ruins. We do not wish our defense of our territory to have such a result. [Applause.]

The CHAIRMAN. The gentleman from Georgia [Mr. VINSON] is recognized for 4 minutes.

BATTLESHIPS

Mr. VINSON of Georgia. Mr. Chairman, yesterday the distinguished gentleman from Oklahoma [Mr. MASSINGALE], said that during the years that he had been in Congress he "had never voted for an Army or Navy appropriation bill," but further added "That the conditions in the world are such that I feel somewhat compelled to change my views."

There are no pacifists in this House. We are confronted with facts and not theories. We are confronted with world conditions.

We all have the same objective. We are actuated by the same impulses, and that is, to give to the people of this Nation an adequate national defense—a Navy second to none.

Let me say to you that I am not going to engage in a controversy with any of my colleagues in regard to airplanes versus battleships, for I am no expert. I do not know, and no one knows until they are actually tried out in battle which is superior and the most effective.

But I do know that it is absolutely essential and imperative that in order for this Nation to have an adequate national defense that we have both airplanes and battleships.

Aviation is the eye of the Navy; battleships are the backbone of the Navy. We cannot afford to do without either one. It is absolutely essential that we have aviation and that we have battleships.

I yield to no Member of this House in my enthusiasm for naval aviation. It was a program that I submitted here in 1934 that brought that branch of our Navy up to 2,000 serviceable planes and we can point with pride to the fact that we have a naval air force second to none.

Let me say to you that woe be unto any nation that will send its fleet out without battleships to engage in a naval battle with a nation that has battleships.

The navy without battleships would be destroyed by the navy with battleships before the navy without battleships ever could get in range of the navy with battleships.

The two battleships in this bill are replacements. They are to replace the old battleships *New York* and *Nevada* which are 26 years old.

Let me say to you that I am unalterably opposed to the youth of America being forced in case of a national emergency to do battle in old and obsolete ships. They are at least entitled to be accorded weapons equal to those of the enemy.

It would be suicidal to send one of these 26-year-old battleships to engage in battle with a modern and up-to-date battleship.

In the event of a national emergency the youth of this land should at least be accorded the same security of defense as is given that of the enemy.

You cannot escape the conclusion that the armament of other nations necessarily compel and forces us to use the same kind of armament.

The use in the Army by foreign powers of machine guns, tanks, and poisonous gases, necessarily forces this country to use the same character of weapons.

If the enemy is armed with machine guns, we do not want our youth armed with popguns.

Other nations have battleships.

If other nations did not have them, we would not be forced to build them, but the defense and welfare of this country requires that in view of the fact that other nations have battleships, that we too have battleships.

Give to the youth of this land upon whose shoulders the future of this country depends the same weapons of defense as used by other nations of the world.

I long to see the day come when agreements can be reached limiting armaments, but until that day does come, we are forced to lay down the same kind of ships that other nations do. [Applause.]

The CHAIRMAN. All time for debate on this paragraph has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. BOILEAU].

The question was taken; and on a division (demanded by Mr. BOILEAU) there were—ayes 27, noes 101.

So the amendment was rejected.

Mr. BOREN. Mr. Chairman, I ask unanimous consent to extend my own remarks at this point in the Record on a subject not connected with the bill.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BOREN. Mr. Chairman, I am in full accord with the program for economy in government, and I sincerely hope we will be able to lessen the cost of Federal Government to the American taxpayer. Every vote I have cast since I have been in Congress will show that I have acted in a constant disposition to prevent extravagance and waste and to promote a practice of frugality, careful saving, in the outlay of Government projects and programs. The pendulum of government spending has throughout the twentieth century swung violently from one extreme to the other and confronted by the crossbone and skeleton head labeled in red "The Budget," all hands have now turned to push the pendulum to a sharp recession in Government spending. It is a matter of great satisfaction to me to notice the disposition of the Congress as a whole to concur in the opinion which I seemed to hold almost in personal isolation a very few months ago. But I find myself in the peculiar position of fighting for some slight liberalization of economy moves which go beyond frugality and practical adjustment to the needs of the Nation and threaten destruction of necessary programs. And so today I who voted a constant "No" to increased appropriation for the multitude of administrations for national affairs, rise to urge a thoughtful and careful analysis of each economy step. I do not wish in any way to halt the move for economy, which comes as a blessing to the American taxpayer, but I do caution against diversion or detour from the real objective. I feel that the large curtailment of Federal expenditures should come in the overcentralized administration of affairs in Washington. There are many bureaus and commissions that have become parasitic burdens on the National Government and almost every department is juggling to fatten the abdominal regions of their bodies by amputation of the arms and hands that carry the true benefits to the extremities of the reach of their programs.

I rise to point out that the pennies to the States are being saved to satisfy the avariciousness of gluttonous bureaus in the city of Washington.

With the double veto system which permits an administrative department to issue an unfavorable report to a committee, which is in effect a primary veto, and a system which permits that same department to make recommendations to the President, which results in a second veto, and with a system which permits bureaus to recommend to Congress according to their own selfish motives, there is a growing tendency to make the country indigent to create an opulence for wasteful bureaucracy.

Mr. Chairman, these are the dangers in the present economy drive. In the religion of democracy there is but one service and that service is to the people. In the religion of democracy, there is but one supreme authority and that supreme authority is the people. In the ministry of representative government the God in Israel, if you please, the Supreme Authority from whom all benefits flow and to whom all services are due is the people. Let us economize for the people. Let us force the abdication of bureaucracy's tyranny. The bureaucrat often sets himself up as the supreme authority and takes unto himself the diviner right of power and determination of policy. In this economy move, let us smash this idolatry, destroy this heresy, and recognize the true religion of democracy, which is to render unto the people that which belongs to the people. Then, and only then, will government administration keep faith with the religion of democracy.

Mr. Chairman, I am glad that the ax of economy is cutting the underbrush of Government waste and extravagance, but I urge that the tide be kept in the channels and directed against the bureaus that have polluted the streams of frugal administration rather than permitted to rise in a blind flood to overflow the levees of rationalism and wreak destruction on the land.

At this point, Mr. Chairman, let me mention one specific example of the purport of my message here this hour. Bang's disease has ravaged the dairy and cattle-breeding industry of America, from Mexico to Canada, and from Delaware to the Golden Gate, in every one of the 48 States of this great Union. That dread disease has reached its tentacles to place undulant fever into the milk pails of the land and to spread its infectious abortion as a constant and dread threat to the livestock industry at a cost of not less than \$50,000,000 a year. The Bang's bacillus or *Brucella abortus*, has spread its insidious malady to the point that it has become "Public Enemy No. 1" to every dairyman and cattle breeder in America. In 1936 we appropriated six and one-half million dollars that year to combat this enemy. The Budget now recommends that we cut that appropriation to two and one-half million dollars. This will mean that a program which has, in a few short years, operated with such great effect, that it militates to the end that six and one-half million dollars has produced more than \$30,000,000 additional national income, will go back to a stage of practical elimination. This attempted diversion of the economy move away from bureaucratic waste to the milk pails of the Nation, is a good example of the folly of the blind march behind bureaucracy's recommendations.

The great State of Oklahoma, rich in its heritage of men who sought in a pilgrimage from all other States elbow room for real democracy, is prepared today to caution the ardor of a propagandized Congress.

To show further this one example for the need of clear thinking in the present national crisis—and I do believe that our economy moves are forced with a crisis of determination which will result in bureaucracy's benefit on one hand or public benefit on the other—in Oklahoma alone more than a million cattle have been tested and 90,000 reactors have been slaughtered and indemnity paid to the owners. Oklahoma has had as high as 600,000 head of cattle under supervision at one time. At the present time 300,000 cattle are under supervision. Over 99 percent of all cattle in five important cattle counties in Oklahoma have been tested, and six Oklahoma counties are now in a status of "Bang's-disease-free areas." But in 1934, when the program started, 14 percent of the cattle in Oklahoma were infected. Today 2.7 percent of the cattle of Oklahoma are infected. Oklahoma stands third in the Nation in the number of cattle tested for Bang's disease, and all of this great work has been carried on with a total cost of \$700,000 per year.

If we permit the proposed curtailment of this small expenditure, the infection in Bang's disease will steadily increase. State regulations to keep Bang's disease out of tested States cannot be enforced, and all of the benefits of this fine program, all of the benefits from expenditure from these funds for the last 3 years, will have been nullified.

Mr. Chairman, I respectfully submit to the Congress the great necessity for care in seeing that economy is well directed. I urge the Congress in this instance to remember the cattlemen and the dairymen and, above all, to remember the milk-consuming public. I further urge that the Congress give as much thought to the importance of finding the proper places to economize as to the importance of a program of economy.

The Clerk read as follows:

No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person or persons having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch or other time-measuring device a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant; and no part of the moneys herein appropriated for the Naval Establishment or herein made available therefor shall be used or expended under contracts hereafter made for the repair, purchase, or acquisition, by or from any private contractor, of any naval vessel, machinery, article, or articles that at the time of the proposed repair, purchase, or acquisition can be repaired, manufactured, or produced in each or any of the Government navy yards or arsenals of the United States, when time and facilities permit, and when, in the judgment of the Secretary of the Navy, such repair, purchase, acquisition, or production would not involve an appreciable increase in cost to the Government except when the repair, purchase, or acquisition, by or from any private contractor, would, in the opinion of the Secretary of the Navy, be advantageous to the national defense: *Provided*, That nothing herein shall be construed as altering or repealing the provisos contained in the acts to authorize the construction of certain naval vessels, approved February 13, 1929, and March 27, 1934, which provide that the first and succeeding alternate vessels in each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, together with the main engines, armor, and armament, shall be constructed or manufactured in the Government navy yards, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as are not customarily manufactured in such Government plants.

Mr. THOMPSON of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMPSON of Illinois: On page 53, line 21, after the word "Government", strike out all the language down to and including the word "defense", in line 24.

Mr. THOMPSON of Illinois. Mr. Chairman, this amendment is offered for the purpose of protecting the navy yards and arsenals of the United States. They now receive, and have for a number of years received, a substantial portion of naval ordnance work. The language, beginning on page 52 and continuing on page 53, has been carried in naval appropriation bills for some time and has resulted in considerable work being placed in the navy yards and arsenals of the United States. I noticed in the hearings on this bill that the Assistant Secretary of the Navy asked for this proviso, or exception, in the bill that when it was in the interest of national defense, the limitations and restrictions carried in the bill could be disregarded and ordnance work placed in the hands of private contractors.

I submit, Mr. Chairman, that the Secretary of the Navy already has ample authority to place work outside the navy yards and arsenals by language already carried in the bill and which will be left in the bill.

I call attention to the language contained in the bill, beginning in line 18, on page 53, which reads "when time and facilities permit." Certainly time is the essence of practically everything, and if the Navy finds itself in a position where it needs some ordnance quicker than it can be supplied by the navy yards and arsenals, the Secretary can go outside to obtain the requirements. If the facilities of the arsenals and navy yards are not sufficient to manufacture the ordnance or the materials desired, he can do likewise. He can, under existing law, place such work with private contractors. In lines 20 and 21 there is the proviso that the work shall not be done in the arsenals or in the navy yards or in the naval gun factories unless it will not involve an appreciable in-

crease of cost. Most certainly I see no reason for the language I am seeking by this amendment to strike out.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of Illinois. I yield.

Mr. SACKS. Is it not true that the labor organizations of the employees of the navy yards are all opposed to this language in the bill?

Mr. THOMPSON of Illinois. Absolutely. I may say, further, that this amendment I am offering has the endorsement of the machinists' unions and other affiliated organizations of the American Federation of Labor. I see no need of such language being left in the bill for the reasons I have pointed out.

Mr. DORSEY. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of Illinois. I yield.

Mr. DORSEY. The authority granted under this section, with the exception of this proviso, has been carried in previous appropriation bills.

Mr. THOMPSON of Illinois. It has been carried since 1923 or 1924.

Mr. DORSEY. And is proof of the fact that they have had sufficient authority during the past, and for years have been taking work from our naval establishments and arsenals and giving it to private industry.

Mr. THOMPSON of Illinois. A substantial amount, I am told. In the interest, therefore, of the employees of the navy yards and arsenals of the United States, and in the interest of the investment that the Federal Government has, this amendment should be adopted and the language stricken from the bill.

Mr. McGRANERY. Will the gentleman yield?

Mr. THOMPSON of Illinois. I yield to the gentleman from Pennsylvania.

Mr. McGRANERY. May I compliment the gentleman for presenting this amendment. At this particular time at the Philadelphia Navy Yard there are a large number of employees, who have been engaged there for years, now out of work by reason of there not being sufficient work in our shore establishments, without going to outside companies.

Mr. MAGNUSON. Will the gentleman yield?

Mr. THOMPSON of Illinois. I yield to the gentleman from Washington.

Mr. MAGNUSON. May I point out that the same situation exists in my district? The only purpose of this language in the bill would be to allow, under certain circumstances, the Secretary to go outside. As long as we have established these navy yards our first duty is to take care of them.

Mr. THOMPSON of Illinois. I may say we have a tremendous investment in the navy yards of the United States, the Navy gun factories, as well as the arsenals, and I think in the interest of preserving employment in these establishments and from the standpoint of realizing on our investment, this language should be stricken out. I therefore trust the Committee will adopt my amendment.

[Here the gavel fell.]

Mr. BRADLEY. Mr. Chairman, I rise in support of the amendment of the gentleman from Illinois [Mr. THOMPSON].

Mr. UMSTEAD. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from North Carolina.

Mr. UMSTEAD. Mr. Chairman, we are approaching the end of this bill, and a great many Members have spoken to me about concluding consideration of the bill in a little while. I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes. This is exclusive of the time which the gentleman from Pennsylvania [Mr. BRADLEY] has at his disposal.

The CHAIRMAN (Mr. BLAND). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BRADLEY. Mr. Chairman, this amendment is a little different from the amendments which the Committee has been heretofore considering. There are no technical questions involved and you do not have to be an expert to decide whether or not it is advisable for the Govern-

ment to retain as much work as possible in its own yards and establishments. Various Members may have different ideas with regard to national defense, but they can all vote for the pending amendment.

Mr. Chairman, there are in our various navy yards, not only the Philadelphia Navy Yard, as has been ably pointed out, but in all Government navy yards, facilities at the present time which are not being used. We have thousands of men in these naval establishments, including Philadelphia, New York, and those all along the Atlantic and Pacific coasts, who are being kept out of employment because the Government cannot provide work.

The language which the amendment offered by the gentleman from Illinois [Mr. THOMPSON] seeks to strike out nullifies the previous language in this section, in that it gives the Secretary of the Navy discretionary authority as to whether or not he will give this work to private yards. There is no reason why the Government of the United States should pay private industry more money for the work which it can do in its own yards.

Mr. Chairman, I submit the amendment will save money for the United States Government, and it will provide employment in the navy yards which the Government has at the present time. I therefore trust everyone will support the amendment.

Mr. MAGNUSON. Will the gentleman yield?

Mr. BRADLEY. I yield to the gentleman from Washington.

Mr. MAGNUSON. Is it not true, if the amendment carries, it will also strike out profits in the making of munitions and profits in the making of war materials, and that a vote for the amendment is a vote against profit making so far as this type of manufacturing is concerned?

Mr. BRADLEY. The point which the gentleman brings out is well taken. It will be a vote against those who derive enormous profits from the manufacture of armaments and munitions. I believe the Government should attempt to save all its money and provide work for our laboring men in the Government yards.

[Here the gavel fell.]

Mr. McGRANERY. Mr. Chairman, the distinguished chairman of the subcommittee has my heartfelt appreciation for the real, intelligent, earnest work that is represented by this bill. He has brought to the floor a bill appropriating the moneys to carry on the naval program for the year of 1939, which is a tremendous program. His explanation of the bill, which was clear, fair, and concise, merits the thanks of the membership of this House. However, I do take issue with the language set forth in the exception, and I think the amendment on page 53 as offered by the distinguished gentleman from Illinois would correct it.

The amendment offered by the gentleman from Illinois is an amendment which, in my opinion, is worthy of the consideration of the membership of this Committee. We have in our shore establishments men engaged in various technical occupations who have gone into these shore establishments as boys. Some of these men have been in the Government service for as many as 30 or more years. In the Philadelphia Navy Yard, for instance, there are facilities to take care of a great deal of work for the Navy Department, which work that navy yard does not now have, but should have. I am not in favor of work being let out to private industry when it can be performed by our own men in our own navy-yard shops, and when these men are being furloughed. I believe this Committee would be serving a real purpose in supporting this particular amendment. It will give to the Philadelphia Navy Yard and the other Government establishments a working quota, and will not in any way hinder or hamper the Secretary of the Navy in carrying out a naval program. As has been well pointed out, there is sufficient language in the bill to give discretion to the Secretary of the Navy when time is of the essence or when facilities are not available.

Mr. Chairman, I ask the Committee to support the amendment.

Mr. SACKS. Mr. Chairman, may I point out to the Committee one salient feature of this amendment which is most important. The section in the bill would give the right to the

Secretary of the Navy to go to private industry and have work performed when we have facilities for which the Government spent millions of dollars in navy yards lying idle. We have numerous navy yards where the work could be performed, but this section of the bill would let this work to private individuals.

Now, what has been the experience of the Government? It will be recalled that in connection with the bids for battleships, the navy yards were \$11,000,000 less in bid than the nearest private competitor. I see no reason for it. The men are out of work. The navy yards all over the country are not running at full capacity. If this provision is taken out of the bill yard equipment would have to be used, the technical machines we have in the navy yards would be used, and the manpower which is out of work now would be again put back to work. We should continue this work and utilize the millions of dollars we have put into the navy yards to help build these extra battleships and continue the Navy program. I see no reason for allowing the Secretary of the Navy this extra right, when he already has it, except to keep the navy yards in their present slack condition while allowing private industry to flourish at a greater profit.

[Here the gavel fell.]

Mr. UMSTEAD. At the outset, Mr. Chairman, I desire to say to the gentlemen who are sincerely interested in this provision that if I thought the language of this bill would result in what the gentlemen who have spoken apprehend, I myself should be against it. I realize they are very much interested in it, and they ought to be. They have a perfect right and, in my judgment, it is their duty to these military and naval establishments in their respective districts, to be on the alert at all times to see to it the work load is maintained upon an even keel. Permit me to say, however, the subcommittee very carefully considered this language before agreeing to insert it in the bill. If what the gentleman from Illinois [Mr. THOMPSON] states is true, that the Secretary of the Navy already has this right, then it will do no harm to leave this language in the bill.

Mr. SIROVICH. Why put it in?

Mr. UMSTEAD. The Assistant Secretary of the Navy, and I invite your attention to his words on page 33 of the report, makes a statement which I shall not read in its entirety, but I shall quote this portion:

We have thus drifted into a situation which is highly dangerous and might prove to be a fatal defect in time of war. The additional language requested will permit the Secretary of the Navy to determine what contracts should be let to private plants in order to avoid a situation which will be detrimental to the national defense.

Enough work is provided in this bill of the character to which this language refers to permit the Secretary to do what he wishes to do under this language without in any way reducing the work load now prevailing in Government establishments.

Let us draw a distinction between work in Government establishments and what this language refers to. The gentleman from Illinois has in his district an arsenal which is run by the Army. Here, in the Washington Navy Yard, we have a gun factory. This factory is the only place the United States Navy has which manufactures guns, and this factory today cannot possibly meet the entire demand. The purpose of this language, in cases such as that, is to permit the Navy to go to private manufacturing sources. There is no thought or purpose in back of the proposition to diminish the work in navy yards or arsenals. I repeat, if I thought the language would do that I should be against it myself. This language, as I understand it, is for the purpose of enabling the Secretary of the Navy, in cases where the existing facilities cannot and will not permit of production to meet present needs, to place contracts with private industries and do two things, not only enable the Navy Department to get what it needs, but also make some preparation to have additional facilities available in times of distress and emergency.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. UMSTEAD. I am sorry, I cannot yield now.

As far as I am concerned and I believe, without having any authority to speak for the other members of the subcommittee, as far as they are concerned, if next year it should develop the Navy Department has abused this language and has taken advantage of it to the detriment of men now employed in existing Government plants, I should be as quick as anyone in this House to undertake to deprive them of that right in the future. I am willing for that statement to appear in the RECORD. I have told the interested gentlemen so. However, my present judgment is that we ought to include this language as a pure matter of national defense, as requested by The Assistant Secretary of the Navy.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. THOMPSON].

The question was taken; and on a division (demanded by Mr. THOMPSON) there were—ayes 33, noes 64.

So the amendment was rejected.

The Clerk read as follows:

Office of the Secretary of the Navy: Secretary of the Navy, Assistant Secretary of the Navy, and other personal services, \$196,770.

Mr. PHILLIPS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIPS: On page 54, line 23, after the word "services", strike out "\$196,770" and insert "\$181,770."

Mr. PHILLIPS. Mr. Chairman, I have offered this amendment as a matter of protest. It strikes out the salary of the Secretary of the Navy. I offer this amendment in protest. I will ask consent to withdraw it at the close of my remarks.

On page 1073 of yesterday's RECORD will be found an address I made on the floor against the export of helium to Germany by this Government. As stated there, I protested to the President when I noticed a newspaper article stating helium is being exported to Germany. The President asked the Secretary of State to answer me. My protest was found to be correct, and that helium is to be exported to Germany. According to the letter of the Secretary of State, the gentlemen responsible for the export of helium are the following: The Munitions Control Board, which includes the Secretary of the Navy, the Secretary of War, and the Secretary of the Interior. I read to the Committee here day before yesterday a newspaper article stating that Germany is today so illiberal it bans the speeches of the President of the United States. I pointed out, too, that the German Government has also protested against speeches made by ex-Ambassador Dodd in this, our free country. I also read from a newspaper article showing that some 15 men whom you might call colleagues of ours, members of the German Reichstag, have been murdered, and the murderer has not yet been brought to justice. I showed that this helium to be exported can be used to fill about 80 observation balloons for war. Yet we let that country, Germany, have helium, when that country has broken its word in international relations. I hope every Member of this House will write these three Secretaries protesting against this shipment of helium. In the Hartford Courant of yesterday was an article stating that helium was not being shipped. I have checked with the office of the Secretary of the Interior this morning and find that this Associated Press story is wrong, and that helium is still to be shipped. I hope, I repeat, that you will write the three Cabinet officers to whom I have just referred asking that they cancel the helium export permit or permits. Under the law such permits are cancelable at any time.

I now ask consent to withdraw this amendment.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk read as follows:

SEC. 2. No part of any money appropriated by this act shall be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle not used exclusively for official purposes; and "official purposes" shall not include the transportation of officers and employees between their

domiciles and places of employment except in cases of medical officers on out-patient medical service and except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only as to such latter cases when the same is approved by the head of the Department. This section shall not apply to any motor vehicle for official use of the Secretary of the Navy, and no other persons connected with the Navy Department or the naval service, except the commander in chief of the United States Asiatic Fleet, Marine Corps officers serving with expeditionary forces in foreign countries, and medical officers on out-patient medical service, shall have a Government-owned motor vehicle assigned for their exclusive use.

Mr. FISH. Mr. Chairman, I offer a motion, which I have sent to the Clerk's desk.

The Clerk read as follows:

Mr. FISH moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. FISH. Mr. Chairman, I have followed this procedure in order to discuss an amendment I propose to offer in a few minutes which I presume is not germane to the bill, but I propose to request the Democratic leadership to permit a vote upon the amendment. The chairman of the subcommittee has stated he would not make a point of order against the amendment, which reads as follows:

That the President is authorized and requested to invite such governments as he may deem necessary or expedient to send representatives to a conference at Washington or elsewhere for the purpose of entering into agreements for the limitation of naval armaments.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. PHILLIPS. I would like to have the gentleman tell the Members of this House whether he thinks the German Government and the Japanese Government keep their word in international treaties; in other words, whether it would be a good thing for us, who keep our word, to sit in with nations that do not?

Mr. FISH. I am very glad the gentleman has asked that question, because we have already had ample experience in the Washington Treaty of 1922 with the Japanese Government, the British Government, and the French and Italian. All of them kept their agreements absolutely, according to our own naval officers, in that limitation of naval armament treaty. I have never heard anyone say they did not keep their definite agreements.

This is identically the same procedure that brought about the Washington limitation of armament treaty. In the Senate of the United States an identical amendment was offered by Senator BORAH and was adopted by the Senate and later by the House. At that time we had a Republican President. This is not a question of partisanship at all. It is merely a question of whether we, who have the definite responsibility to provide and maintain a Navy and establish the naval policies of the United States, are to sit idly by and permit ourselves to be launched on this mad naval program in competition with the rest of the world, heading directly for war, and not do anything to try to get these nations around a table in order to try to reach an agreement on a definite limitation of naval armament.

Japan and Great Britain, through their highest diplomatic and naval representatives, have stated they would be willing to enter into such a conference, and we should take the leadership, because if we do not and if we continue this mad naval race it will engender suspicion, hatred, hostility, and eventuate in war.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. DINGELL. I would like to ask the gentleman from New York whether he does not recall the conference we held here in 1921, when the United States Government, under Harding, sunk the United States Navy and—

Mr. FISH. I will not yield any further because that is an utterly ridiculous statement.

Mr. DINGELL. It is not a ridiculous statement at all.

Mr. FISH. I will answer the gentleman. The gentleman states that we sunk the Navy. For the first time in the last

200 years Great Britain gave up naval superiority on the high seas and agreed to equality with the United States, each nation being limited to 18 battleships and Japan to 10. This went on until a year ago, and during that time we had friendly relations with both Great Britain and Japan. Now, that has been scrapped and we are launched on a naval race. I would like to know how long this madness can continue without an explosion.

Mr. DINGELL. Mr. Chairman, will the gentleman yield further?

Mr. FISH. I yield for a brief question.

Mr. DINGELL. I would like to ask the gentleman whether Japan had lived up to that obligation?

Mr. FISH. I said that Japan had absolutely lived up to her treaty limitations, and there is no American admiral who will say she has not. It is only since that treaty has expired that they have launched a big navy program, just as we are launching one now. We are starting a program that will probably lead to war, and our naval appropriations and program are much greater than Japan's. We have a chance by voting upon this proposition to say whether we are willing, at least, to sit around a table with these other nations and discuss these propositions for the sake of the peace of this country and of the world.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. PHILLIPS. In other words, I gather from the gentleman's remarks it is the gentleman's thought that Japan and Germany keep their word in one place and break it at another, and is it wise for us to—

Mr. FISH. I am not concerned with the word of other nations. I know they did keep their word in connection with the limitation of naval armament, and no one questions it, and that is the reason I bring up the matter at the present time. I propose to vote for this bill providing for two additional battleships, but I cannot understand why Congress sits idly by and refuses to even permit the consideration of my conference amendment. I challenge the Democratic leaders to refrain from making a point of order against it and let the Members of Congress vote on it on its merits. If you do not, the responsibility is yours if the whole world arms to the teeth and drifts helplessly and hopelessly into war, ruin, and disaster.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from New York [Mr. FISH].

The motion was rejected.

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: On page 62, after line 6, add a new section, as follows:

"That the President is authorized and requested to invite such governments as he may deem necessary or expedient to send representatives to a conference at Washington or elsewhere for the purpose of entering into agreements for the limitation of naval armaments."

Mr. FERNANDEZ. Mr. Chairman, I make the point of order that the amendment is not germane and that it is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. FISH. I do not care to be heard on the point of order; I do not dispute the point of order. The gentleman from Louisiana must take the responsibility.

The CHAIRMAN. The Chair sustains the point of order. It is not germane, and it is legislation on an appropriation bill.

Mr. SCOTT. Mr. Chairman, I move to strike out the last word. Yesterday I offered an amendment, which was adopted by the Committee, that would stop the present selective method right where it is. I told the Committee at the time that there was one reason why I was offering that amendment, and that reason was that I do not approve of the present method of selection and promotion in the United States Navy. I do not believe it is fair, or just, or that it is the best method of selection that we could adopt.

I offered the amendment because we have not in the House taken the action that I think we should take in attempting a revision of the selective method. I figured that if we stopped the selection entirely for a year, then the Navy Department and the Naval Affairs Committee would begin immediately a study of our selection method. Since that amendment was adopted in the Committee, I have conferred with the chairman of the Committee on Naval Affairs, and we have reached an agreement that just as soon as the additional construction bill is reported by the Committee on Naval Affairs, which, I think, will have been done by the first of next month, the Naval Affairs Committee will be called together to hear proposals for revision of the selection system. There are some four or five bills that have been introduced, all with the purpose of improving the method of promotion. I have been promised that each of these bills will be heard; that each of those bills, and any other bills that may be introduced between now and then, will have a full and complete hearing; and that it is the intention of the committee to do its level best to improve the method of selection and promotion in the Navy. That was the purpose that I had in mind when I offered the amendment. I have received that assurance from the chairman of the committee.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. Yes.

Mr. VINSON of Georgia. Mr. Chairman, in the first instance let me say that I do not think the thought should become prevalent that the Naval Affairs Committee or its chairman should be criticised in the slightest degree for not having hearings on the matter of selection. To keep the record straight, at the request of the gentleman from Pennsylvania [Mr. DITTER] last year, I called the committee together to make inquiry respecting improvement in the selection method. Mr. DITTER appeared before the committee, as did also Mr. HOBBS and the gentleman from Pennsylvania [Mr. DALY]. After about 10 days or 2 weeks hearing we got far enough along and I introduced a bill. That bill was referred to the Bureau of the Budget to determine whether or not it was in accordance with the President's financial program. That bill is still pending before the Budget. It has been the policy of the committee in every instance, except one, to hesitate to present a bill unless it is in accordance with the financial program of the President.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. VINSON of Georgia. I ask unanimous consent that the time of the gentleman be extended for 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. VINSON of Georgia. Let me say to the membership of the House that I am just as anxious as any Member to have a fair and satisfactory selection system, based upon merit. I am opposed to a system of promotion that is based on favoritism, seniority, or any other selective system than one of merit, and I shall be more than delighted to have a hearing, if the other members of the committee will agree with me, to see if we can work out a satisfactory selection bill and I respectfully invite every Member of the House to join with the committee in trying to work out a satisfactory bill. For that reason I urged the committee yesterday to reject this amendment because it is legislation of such a character that it should be considered in a calm, dispassionate manner, and not by limitation on an appropriation bill. Therefore I assure the gentleman who has a bill before the committee, or any other Member, that if he will ask for a hearing, or whether they do ask for a hearing or not, we will grant a hearing and try to work out such a bill, in accordance with the financial program of the President relating to the selection of and promotion system in the Navy as will be satisfactory.

Mr. SCOTT. I wonder if the gentleman could set a tentative date for the beginning of those hearings.

Mr. VINSON of Georgia. If the gentleman has a bill—my bill I introduced is still pending before the Budget—I am willing to set it for the first week in February.

Mr. SCOTT. I should like to use a portion of the time at my disposal to complete the statement I wish to make. If the gentleman will make his question short, I will yield.

Mr. McFARLANE. The gentleman knows that I had the honor of serving on this committee for some 4 years when we were fighting for these same hearings that it is threatened we shall receive under a very indefinite promise. I think we are wasting our sweetness on the desert air if we continue to wait for these hearings. I am wondering if the gentleman has agreed to some kind of understanding whereby he has taken down his flag under the circumstances?

Mr. SCOTT. I do not look at it in the same way. No; I have received assurance, and now the committee has received assurance from the chairman of the Committee on Naval Affairs, that the hearings on all such bills pending in the committee would be had, and that they would start, according to him, the first week in February. This assurance is sufficient to me. I am willing to take the word of the chairman of the committee. It has always been good with me. And let me say that my action was a criticism of no one in particular. My action was solely for the purpose of getting hearings started. They will start.

For this reason, when a separate vote is asked on the amendment which I offered yesterday, and which was adopted, I am going to release anybody who may have made a promise to me to follow through on it. I am going to suggest that they do as they please about it. For myself, since I have accomplished the purpose I had in mind, and since the hearings will start early in February, I am going to vote against the amendment myself.

I feel that I can assure the Members who voted with me yesterday that our purpose has been accomplished and that no additional objective with merit could be accomplished by retaining the amendment in the bill. I appreciate the support that was given me in the committee but now ask that those who voted with me yesterday vote with me today to eliminate the so-called Scott amendment.

Mr. DITTER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I regret exceedingly the turn of affairs today. If the proponent of the amendment which carried yesterday feels that he must pull down his flag, there are a substantial number of men on both sides of the aisle who have not pulled down their flag. [Applause.] We stand where we stood yesterday. There may be only a very small number of us, but those of us who proposed, supported, advocated, and urged the amendment yesterday are not withdrawing from the battle line or giving over any one of our ships to the enemy. We are not retreating. We are not pulling our punches. We are not shadow boxing. We were and we are at this time against the present selection law. Most of our guns are manned; our powder is dry; our flag is flying. We are ready to go.

I feel that no man is bound here today by anything other than his convictions. This is a simple issue. There is nothing involved here. If you were against the present selection system yesterday, you should be against it today unless the system has changed overnight. The weather may have changed, but nothing has been done to change in any way the selection system. Of course, some people change their mind—that is their privilege. But there should be something present to cause a change of front. I appeal to you today, do not vote for this amendment because you voted that way yesterday. If you are one of those men who believe in a thing today and believe otherwise tomorrow, certainly I release you, just the same as my distinguished friend [Mr. SCOTT], for whom I have the highest regard, has released you. But if you believe in conviction, if you believe that the promises that have been held out in times past have only resulted in a masquerade relief from the system, then stand firm. On this side of the aisle, on that side of the aisle, those men who feel that convictions are worth more than expedience; that consistency is more commendable than vacillation; that a degree of independence is more to be prized than the pressure which a leadership can bring to

make men change their minds—those men will stand where they stood yesterday.

Mr. SCOTT. Mr. Chairman, I ask the gentleman to yield to me.

Mr. DITTER. I yield to the gentleman; and I want to say to the gentleman that in using that phrase "pressure of leadership" I do not refer to him. I believe that the gentleman genuinely has accepted the promise which has been given to him by the chairman of the Naval Affairs Committee that the fine cause that he pleaded for yesterday will be carried out by the chairman of the committee. I believe that he genuinely and honestly believes that. I care not what others may think, I care not what others may do. As for myself and for others who rallied to the cause of these service men, I declare with pride we have not, nor will we, give up the ship. Our flag still flies. [Applause.]

Mr. UMSTEAD. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment with the recommendation that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON of Texas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H. R. 8993) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1939, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. UMSTEAD. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. DITTER and Mr. McFARLANE) there were—ayes 83, noes 110.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. PLUMLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. PLUMLEY. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. PLUMLEY moves to recommit the bill to the Appropriations Committee with instructions to deduct from the appropriations therein made all sums appropriated for the reopening of the ordnance plant at Alexandria, Va.

Mr. UMSTEAD. Mr. Speaker, on the motion to recommit I move the previous question.

The previous question was ordered.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 283, noes 15.

So the bill was passed.

A motion to reconsider was laid on the table.

NATIONAL HOUSING ACT

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act may be cited as the 'National Housing Act Amendments of 1938.'"

"Sec. 2. Subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"Sec. 2. (a) The Administrator is authorized and empowered, upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after the date of the enactment of the National Housing Act Amendments of 1938 and prior to July 1, 1939, or such earlier date as the President may fix by proclamation upon his determination that there no longer exists any necessity for such insurance in order to make ample credit available for the purpose of financing alterations, repairs, and improvements upon urban, suburban, or rural real property, by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after the date of the enactment of the National Housing Act Amendments of 1938 exceed 10 per centum of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate \$100,000,000."

"(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it, if the amount of such loan, advance of credit, or purchase exceeds \$10,000 with respect to loans, advances, or purchases for financing repairs, alterations, or improvements upon or in connection with existing structures, or exceeds \$2,500 with respect to loans, advances, or purchases for financing the building of new structures, nor unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

"Sec. 3. Title II of the National Housing Act, as amended, is amended to read as follows:

"TITLE II—MORTGAGE INSURANCE

"DEFINITIONS

"SECTION 201. As used in section 203 of this title—

"(a) The term "mortgage" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term "first mortgage" means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State, district, or Territory in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(b) The term "mortgagee" includes the original lender under a mortgage, and his successors and assigns approved by the Administrator; and the term "mortgagor" includes the original borrower under a mortgage and his successors and assigns.

"(c) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

"MUTUAL MORTGAGE INSURANCE FUND

"Sec. 202. There is hereby created a Mutual Mortgage Insurance Fund (hereinafter referred to as the "Fund"), which shall be used by the Administrator as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 203 as hereinafter provided, and there shall be allocated immediately to such Fund the sum of \$10,000,000 out of funds made available to the Administrator for the purposes of this title.

"INSURANCE OF MORTGAGES

"Sec. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: Provided, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed \$2,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed

\$3,000,000,000: *Provided further*, That on and after July 1, 1939, no mortgages shall be insured under this title except mortgages (1) that cover property which is approved for mortgage insurance prior to the completion of the construction of such property, or (2) that cover property the construction of which was commenced after January 1, 1937, and was completed prior to July 1, 1939, or (3) that cover property which has been previously covered by a mortgage insured by the Administrator.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) Have been made to, and be held by, a mortgagee approved by the Administrator as responsible and able to service the mortgage properly.

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount—

"(A) not to exceed \$16,000 and not to exceed 80 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling or dwellings designed principally for residential use for not more than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings, or

"(B) not to exceed \$5,400 and not to exceed 90 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence (i) the construction of which is begun after the date of enactment of the National Housing Act Amendments of 1938 and which is approved for mortgage insurance prior to the beginning of construction, or (ii) the construction of which was begun after January 1, 1937, and prior to the date of enactment of the National Housing Act Amendments of 1938, and which has not been sold or occupied since completion: *Provided*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 10 per centum of the appraised value in cash or its equivalent, or

"(C) not to exceed \$8,600 and not to exceed the sum of (i) 90 per centum of \$6,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 80 per centum of such value in excess of \$6,000 and not in excess of \$10,000, of a property of the character described in paragraph (2) (B) of this subsection and subject to the same limitations and conditions which apply to such property.

"(3) Have a maturity satisfactory to the Administrator, but not to exceed twenty years from the date of the insurance of the mortgage: *Provided*, That until July 1, 1939, a mortgage of the character described in paragraph (2) (B) of this subsection shall be eligible for insurance under this section if it has a maturity satisfactory to the Administrator, but not to exceed twenty-five years from the date of the insurance of the mortgage.

"(4) Contain complete amortization provisions satisfactory to the Administrator requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Administrator.

"(5) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it.

"(6) Provide, in a manner satisfactory to the Administrator, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

"(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"(c) The Administrator is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That a premium charge so fixed and computed shall also be applicable to each mortgage insured prior to the date of enactment of the National Housing Act Amendments of 1938 in lieu of any premium charge which would otherwise become due after such date with respect to such mortgage: *Provided further*, That in the case of any mortgage described in section 203 (b) (2) (B) and accepted for insurance after such date and prior to July 1, 1939, the premium charge shall be one-fourth of 1 per centum per annum on such outstanding principal obligation. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Administrator under this title at par plus accrued interest, in such manner as may be prescribed by the Administrator: *Provided*, That the Administrator may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Administrator finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage

complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Administrator may prescribe; but no mortgage shall be accepted for insurance under this section unless the Administrator finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this section or section 210 is paid in full prior to the maturity date, the Administrator is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured under this section until such maturity date; and in the event that the principal obligation is paid in full as herein set forth and a mortgage on the same property is accepted for insurance at the time of such payment, the Administrator is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"(d) The Administrator is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this section: *Provided*, That the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 per centum of the total principal obligation of said mortgage.

"PAYMENT OF INSURANCE

"Sec. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, special assessments, water rates, which are liens prior to the mortgage, insurance on the property mortgaged, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to July 1, 1939, under section 203 (b) (2) (B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75.

"(b) The Administrator may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(c) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Fund as to mortgages insured under section 203 and from the Housing Fund as to mortgages insured under section 210.

"(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of the Fund, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; and such debentures shall be paid out of the Fund, or the Housing Fund, as the case may be, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Fund or the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"The certificate of claim issued by the Administrator to any mortgagee shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Administrator of the property covered by the mortgage, the mortgagor had redeemed the property and paid in full all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Administrator. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. The amount to which the holder of any such certificate shall be entitled shall be determined as provided in subsection (f).

"(f) If the net amount realized from any property conveyed to the Administrator under this section and the claims assigned therewith, after deducting all expenses incurred by the Administrator in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Administrator shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Administrator as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply

to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

"(h) No mortgagee or mortgagor shall have, and no certificate of claim shall be construed to give to any mortgagee or mortgagor, any right or interest in any property conveyed to the Administrator or in any claim assigned to him; nor shall the Administrator owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

"CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

"SEC. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Administrator under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

"(b) The Administrator shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account, and the amount allocated to the Fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

"(c) The Administrator shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed as hereinafter set forth to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. Upon such termination the Administrator shall charge to the group account the estimated losses arising from transactions relating to that group, shall transfer to the general reinsurance account an amount equal to 10 per centum of the total premium charges theretofore credited to such group account, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice.

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account, or be subject to any liability arising out of the mutuality of the Fund, and the determination of the Administrator as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

"(e) In the event that any mortgagee under a mortgage insured under this title forecloses on the mortgaged property but does not convey such property to the Administrator in accordance with section 204, and the Administrator is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Administrator is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor under a mortgage insured under section 203 shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Administrator shall determine to be equitable and not inconsistent with the solvency of the group account and of the Fund.

"INVESTMENT OF FUNDS

"SEC. 206. Moneys in the Fund not needed for the current operations of the Federal Housing Administration shall be deposited with the Treasurer of the United States to the credit of the Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not resold, and the several group accounts to which such debentures have been charged shall be charged with the amounts used in making such purchases.

"RENTAL HOUSING INSURANCE"

"Sec. 207. (a) As used in this section—

"(1) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use; and the term 'first mortgage' means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State, district, or Territory in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

"(2) The term 'mortgagee' means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

"(3) The term 'mortgagor' means the original borrower under a mortgage and its successors and assigns.

"(4) The term 'maturity date' means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

"(5) The term 'slum or blighted area' means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

"(6) The term 'rental housing' means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises.

"(b) In addition to mortgages insured under section 203, the Administrator is authorized to insure mortgages as defined in this section (including advances on such mortgages during construction) which cover property held by—

"(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend corporations formed under and restricted by Federal or State housing laws as to rents, charges, capital structure, rate of return, or methods of operation; or

"(2) Private corporations, associations, cooperative societies which are legal agents of owner-occupants, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale, and which possess powers necessary therefor and incidental thereto, and which, until the termination of all obligations of the Administrator under such insurance, are regulated or restricted by the Administrator as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Administrator may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of such Housing Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Administrator under the insurance.

"(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount not to exceed \$5,000,000 and not to exceed 80 per centum of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed \$1,350 per room, and the mortgage shall provide for complete amortization by periodic payments within such term as the Administrator shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time. The Administrator may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the Administrator finds that the property or project, with respect to which the mortgage is executed, is economically sound.

"(d) The Administrator shall collect a premium charge for the insurance of mortgages under this section and section 210 which shall be payable annually in advance by the mortgagee, either in cash or in debentures issued by the Administrator under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Administrator is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than one-half of 1 per centum of the original principal face amount of the mortgage.

"(e) In the event that the principal obligation of any mortgage accepted or insured under this section is paid in full prior

to the maturity date, the Administrator is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Administrator determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

"(f) There is hereby created a Housing Insurance Fund (herein referred to as the 'Housing Fund') which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210, and the Administrator is hereby directed to transfer immediately to such Housing Fund the sum of \$1,000,000 from that part of the Fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and section 210 may be charged to the Housing Fund.

"(g) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Administrator, within a period and in accordance with rules and regulations to be prescribed by the Administrator of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transactions. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Administrator shall, subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property, less the sum of (1) that part of the amount of the principal obligation that has been repaid by the mortgagor, (ii) an amount equivalent to 2 per centum of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property: *Provided*, That the mortgagee, in the event of a default under the mortgage, may, at its option and in accordance with rules and regulations to be prescribed by the Administrator, proceed to foreclose on or otherwise acquire the property as provided in the case of a mortgage which is in default under section 210 and receive the benefits of the insurance as provided in this section.

"(h) The certificate of claim issued by the Administrator to any mortgagee upon the assignment of the mortgage to the Administrator shall be for an amount which the Administrator determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Administrator provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property, after deducting all expenses incurred by the Administrator in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

"(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Administrator shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be paid to the mortgagor of such property; and

"(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Administrator shall pay to the holder of such certificate the full amount of such excess.

"(i) Debentures issued under this section upon the assignment of an insured mortgage to the Administrator shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator, by either his written or engraved signature, and shall be negotiable. They shall bear interest at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was insured, but not to exceed 3 per centum per annum payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the ma-

turity date of the mortgage in exchange for which the debentures were issued. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Housing Fund which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Housing Fund fails to pay upon demand, when due, the principal or of interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

"(j) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Administrator with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Administrator to the mortgagee from the Housing Fund.

"(k) The Administrator is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The Administrator shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within a period of one year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Administrator: *Provided*, That the foregoing provisions shall not be construed in any manner to limit the power of the Administrator to foreclose on the mortgaged property after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Administrator at any sale under foreclosure may, in his discretion, for the protection of the Housing Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Administrator is authorized to pay from the Housing Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Administrator is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

"(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Administrator shall also have power, for the protection of the interests of the Housing Fund, to pay out of the Housing Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Administrator shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

"(m) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Administrator and from any property acquired by the Administrator, and all earnings on the assets of the Housing Fund, shall be credited to the Housing Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Administrator under this section or section 210, shall be charged to the Housing Fund.

"(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any

payment due under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of thirty days, but the mortgagee does not foreclose on or otherwise acquire the property, or does not assign and transfer such mortgage and the credit instrument secured thereby to the Administrator, in accordance with subsection (g), and the Administrator is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of subsection (e), and the Administrator is given written notice by the mortgagee of the payment of such obligation, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

"(o) The Administrator, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act Amendments of 1938, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such Act, and any such insurance not so reissued shall not be affected by the enactment of such Act.

"(p) Moneys in the Housing Fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the Housing Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Administrator may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section and section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

"TAXATION PROVISIONS

"Sec. 208. Nothing in this title shall be construed to exempt any real property acquired and held by the Administrator under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"STATISTICAL AND ECONOMIC SURVEYS

"Sec. 209. The Administrator shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of the Fund and the Housing Fund in such proportion as the Administrator shall determine.

"ADDITIONAL HOUSING INSURANCE

"Sec. 210. (a) In addition to mortgages insured under sections 203 and 207 the Administrator is authorized to insure mortgages as defined in section 207 (a) (1), including advances on such mortgages during construction, covering property upon which there is located or upon which there is to be constructed one or more multifamily dwellings or a group of not less than ten single-family dwellings: *Provided*, That the property shall have been approved for mortgage insurance prior to the beginning of construction.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Administrator shall approve) in an amount in excess of \$16,000 but not in excess of \$200,000 and not in excess of 80 per centum of the amount which the Administrator estimates will be the value of the property when the proposed improvements are completed, and such part thereof as may be attributable to dwelling use shall not exceed \$1,150 per room.

"(2) Have a maturity satisfactory to the Administrator, but not to exceed twenty-one years and contain complete amortization provisions satisfactory to the Administrator.

"(3) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time.

"(4) Contain such terms, conditions, and provisions with respect to advances during construction, assurance of completion, recognition of equitable rights of contract purchasers in good standing, release of part of the mortgaged premises from the lien of the mortgage, insurance, repairs, alterations, payment of taxes, default and management reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Administrator may in his discretion prescribe.

"RULES AND REGULATIONS

"Sec. 211. The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

"Sec. 4. Section 301 (a) of such Act is amended to read as follows:

"Sec. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of national mortgage associations as hereinafter provided which shall be authorized, subject to rules and regulations to be prescribed by the Administrator—

"(1) To make real-estate loans which are accepted for insurance or insured under Title II of this Act: *Provided*, That no such association controlled or operated by the United States or any agency of the United States shall make any real-estate loan which is accepted for insurance or insured under section 203 of this Act;

"(2) To purchase, service, or sell any mortgages, or partial interests therein, which are insured under Title II of this Act;

"(3) To purchase, service, or sell uninsured first mortgages and such other liens as are commonly given under the laws of the State, district, or Territory in which the real estate is located to secure advances upon real estate held in fee simple, or under a lease for not less than ninety-nine years which is renewable, or under a lease having a period of not less than fifty years to run from the date the mortgage was executed, together with the credit instruments, if any, secured thereby; but the amount of the principal obligation of any such uninsured mortgage shall not exceed 60 per centum of the appraised value of the property as of the date the mortgage is purchased by the association; and

"(4) To borrow money for any of the foregoing purposes through the issuance of notes, bonds, debentures, or other such obligations as hereinafter provided."

"Sec. 5. Section 301 (d) of such Act is amended to read as follows:

"(d) No association shall transact any business except such as is incidental to its organization until it has been authorized to do so by the Administrator. Each such association shall have a capital stock of a par value of not less than \$2,000,000, and no authorization to commence business shall be granted by the Administrator to any such association until he is satisfied that such capital stock has been subscribed for at not less than par and that at least 25 per centum thereof has been paid in cash, or in Government securities at their par value, or in first mortgages or such other first liens as are described in section 301 (a) hereof, which mortgages or liens shall be taken at such value as the Administrator may determine, not exceeding (except as to mortgages insured under title II of this Act) 60 per centum of the appraised value of the property as of the date of subscription, and that the remainder of the subscription to such capital stock is payable in the same manner and at such time as may be determined by the Administrator: *Provided*, That no association shall issue notes, bonds, debentures, or other such obligations until such time as such subscriptions are paid in full in cash or Government securities at their par value or in mortgages or other liens as hereinbefore set forth."

"Sec. 6. Section 302 of such Act is amended to read as follows:

"Sec. 302. Each national mortgage association is authorized to issue and have outstanding at any time notes, bonds, debentures, or other such obligations in an aggregate amount not to exceed (1) twenty times the amount of its paid-up capital and surplus, and in no event to exceed (2) the current unpaid principal of mortgages held by it and insured under the provisions of title II of this Act, plus the amount of its cash on hand and on deposit and the amortized value of its investments in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. No national mortgage association shall borrow money otherwise than through the issuance of such notes, bonds, debentures, or other obligations, except with the approval of the Administrator and under such rules and regulations as he shall prescribe. An association may, if its bylaws so provide, accept any notes, bonds, debentures, or other obligations issued by it in payment of obligations due it at par plus accrued interest: *Provided*, That such notes, bonds, debentures, or other obligations so accepted shall be canceled and not reissued."

"Sec. 7. Section 303 of such Act is amended to read as follows:

"Sec. 303. Moneys of any national mortgage association not invested in first mortgages or other liens as provided in section 301, or in operating facilities approved by the Administrator, shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; except that each such association shall keep and maintain such reserves as the Administrator shall by rules and regulations prescribe, and may purchase in the open market notes, bonds, debentures, or other such obligations issued under section 302."

"Sec. 8. Section 307 of such Act is amended to read as follows:

"Sec. 307. All notes, bonds, debentures, or other obligations issued by any national mortgage association shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Every national mortgage association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock, shall be exempt from taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Nothing herein shall be construed to exempt the real property of such association from taxation by any State, county, municipality, or local taxing authority to the same extent accorded to its value as other real property is taxed."

"Sec. 9. Section 512 (a) of such Act is amended to read as follows:

"Sec. 512. (a) Whoever, for the purpose of obtaining any loan or advance of credit from any person, partnership, association, or corporation with the intent that such loan or advance of credit shall be offered to or accepted by the Federal Housing Adminis-

tration for insurance, or for the purpose of obtaining any extension or renewal of any loan, advance of credit, or mortgage insured by the said Administration, or the acceptance, release, or substitution of any security on such a loan, advance of credit, or for the purpose of influencing in any way the action of the said Administration under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published any statement, knowing the same to be false, or alters, forges, or counterfeits, or causes or procures to be altered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been altered, forged, or counterfeited, or willfully overvalues any security, asset, or income, shall be punished by a fine of not more than \$3,000 or by imprisonment for not more than two years, or both."

"Sec. 10. Section 512 of such Act is further amended by adding at the end thereof the following new subsections:

"(d) No individual, association, partnership, or corporation shall hereafter, while the Federal Housing Administration exists, use the words "Federal Housing" or "National Housing", or any combination or variation of any of these words, alone or with other words, as the name, under which he or it shall do business, which shall have the effect of leading the public to believe that any such individual, association, partnership, or corporation has any connection with, or authorization from, the Federal Housing Administration, the Government of the United States, or any instrumentality thereof, where such connection or authorization does not, in fact, exist. No individual, association, partnership, or corporation shall falsely advertise, or otherwise represent falsely by any device whatsoever, that any project or business in which he or it is engaged, or product which he or it manufactures, deals in, or sells, has been in any way endorsed, authorized, or approved by the Federal Housing Administration, or by the Government of the United States, or by any instrumentality thereof. Every violation of this subsection shall be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both."

"(e) Whoever, for the purpose of inducing the insurance of the accounts of any institution by the Federal Savings and Loan Insurance Corporation or for the purpose of obtaining any extension, or renewal of such insurance by said Corporation or for the purpose of influencing in any way the action of the said Corporation under this Act, makes, passes, utters, or publishes, or causes to be made, passed, uttered, or published, any statement, knowing the same to be false, or utters, forges, or counterfeits, or causes or procures to be uttered, forged, or counterfeited, any instrument, paper, or document, or utters, publishes, or passes as true, or causes to be uttered, published, or passed as true, any instrument, paper, or document, knowing it to have been uttered, forged, or counterfeited, or willfully overvalues any security, asset, or income, of any institution insured or applying for insurance by said Corporation, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both."

"(f) Any person who willfully and knowingly makes, circulates, or transmits to another or others any statement, or rumor written, printed or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of the Federal Savings and Loan Insurance Corporation, or who knowingly counsels, aids, procures, or induces another to start, transmit, or circulate any such statement or rumor, is guilty of a misdemeanor punishable by a fine of not more than \$1,000 or by imprisonment of not exceeding one year, or both."

"Sec. 11. Title V of such Act is further amended by adding after section 513 thereof the following new section:

"Sec. 514. The provisions of section 10 (a) 1 and 10b of the Federal Home Loan Bank Act, as amended (49 Stats. 294, 295); paragraph seventh of section 5136 of the Revised Statutes, as amended (49 Stats. 709); section 24 of the Federal Reserve Act, as amended (49 Stats. 706); subsection (n) of section 77B of the Bankruptcy Act, as amended (49 Stats. 664); section 5 (c) of the Act approved January 31, 1935, continuing and extending the functions of the Reconstruction Finance Corporation (49 Stats. 1); and all other provisions of law establishing rights under mortgages insured in accordance with the provisions of the National Housing Act, shall be held to apply to such Act, as amended."

"Sec. 12. (a) Section 35 of chapter III of the Act entitled 'An Act to regulate the business of life insurance in the District of Columbia', approved June 19, 1934 (48 Stat. 1152), is amended by inserting between paragraph (3) and paragraph (4) of such section a new paragraph to read as follows:

"(3a) Bonds or notes secured by mortgages insured by the Federal Housing Administrator: *Provided*, That the restrictions in paragraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages."

"(b) Paragraph (4) of section 35 of such Act is amended to read as follows:

"(4) Bonds or other evidences of indebtedness of the farm loan banks authorized under the Federal Farm Loan Act or Acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations."

"Sec. 13. The last sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended, is further amended by

inserting before the colon after the words 'guaranteed as to principal and interest by the United States' a comma and the following: 'or obligations of national mortgage associations'."

And the Senate agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
M. K. REILLY,
HAMILTON FISH,

Managers on the part of the House.

ROBERT F. WAGNER,
ROBERT J. BULKLEY,
ALBEN W. BARKLEY,
FREDERICK STEIWER,
J. G. TOWNSEND, JR.,
HERBERT E. HITCHCOCK,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 8730) to amend the National Housing Act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment is in the form of a substitute for all of the House bill after the enacting clause. Both the House bill and the Senate amendment consist almost entirely of substantially similar amendments to the National Housing Act, but the Senate amendment, in addition to its substantive provisions differing from the House bill, includes numerous clerical or formal changes, and its arrangement is different from the House bill. The bill as agreed to by the conference is a substitute for both the House bill and the Senate amendment, and it adopts most of the clerical changes and follows the form and arrangement of the Senate amendment. In order to conform to this form and arrangement the amendments to section 2 (title I) of the National Housing Act are changed in form and placed ahead of the amendments to title II.

Maximum amount of insurance under title II of the National Housing Act

The House bill (sec. 5) and the Senate amendment in substantially similar language amend section 203 (a) of the National Housing Act to make the maximum limit on mortgage insurance under title II (which in sec. 203 (a) is fixed at \$2,000,000,000, except with the approval of the President) apply to the aggregate amount of principal obligations of insured mortgages outstanding at any one time instead of to the aggregate original face amounts of the mortgages insured, but the Senate amendment provides that the aggregate amount of outstanding insurance liability, when increased with the approval of the President, shall not exceed \$3,000,000,000. The conference agreement adopts the Senate provision.

Insurance of mortgages on property not approved for insurance before completion

The House bill (sec. 5) amends section 203 (a) of the National Housing Act by adding a proviso which prohibits after July 1, 1939, the insurance (under any section of title II of the Housing Act) of mortgages on property not approved for insurance prior to completion of construction, unless the construction was commenced after June 27, 1934, and completed before July 1, 1939. The Senate amendment prohibits, after July 1, 1939, insurance of mortgages on unapproved properties unless the construction was commenced after January 1, 1937, and was completed before July 1, 1939. The conference agreement adopts the Senate provision.

Approval of mortgages

The House bill (sec. 6) and the Senate amendment in amending section 203 (b) (1) of the Housing Act both require that, to be eligible for insurance under such section, the mortgage be held by a mortgagee approved by the Administrator as responsible and able to service the mortgage properly; but the Senate amendment also requires that the mortgage shall have been made to a mortgagee likewise approved by the Administrator. The conference agreement adopts the Senate provision.

Insurance of mortgages covering up to 90 percent of appraised value of single-family residences

The House bill (secs. 7, 8, and 9) amends section 203 (b) and section 203 (c) of the National Housing Act to provide for the insurance of mortgages which cover up to 90 percent of the appraised value of the property, urban or rural, with respect to mortgages not in excess of \$5,400 (par. (2) (B) of sec. 203 (b)), and up to 90 percent on the first \$6,000 of the appraised value plus 80 percent of the balance with respect to property having an appraised value in excess of \$6,000 but not in excess of \$10,000 (par. (2) (C) of sec. 203 (b)). The House bill also permits a minimum premium charge of one-fourth percent for the insurance of mortgages accepted for insurance under paragraph (2) (B) before July 1, 1939.

The Senate amendment contains similar provisions, but omits the phrase "urban or rural" in paragraph (2) (B), prohibits acceptance of any such mortgages for insurance under either paragraph (2) (B) or (2) (C) after July 1, 1942 (sec. 203 (b) (2) (C)), permits until July 1, 1939, the 90-percent mortgages under para-

graph (2) (B) to be eligible for insurance if the maturity date does not exceed 25 years (instead of the 20-year period in the House bill and in sec. 203 (b) (3) of the Housing Act), requires that the insurance premium charge on the 90-percent mortgages under paragraph (2) (B) be one-fourth of 1 percent, provides that all other premium charges for insurance under any section of title II shall be within the minimum of one-half percent and the maximum of 1 percent now applicable to insurance under section 203, and provides that the premium charges fixed under the act as amended by the bill (H. R. 8730) shall be applicable to mortgages insured prior to the date of enactment of the bill so far as computation of premium charges accruing after such date is concerned (sec. 203 (c) of the Housing Act). The Senate amendment also provides that expenses incurred in respect of mortgages insured under paragraph (2) (B) be charged to the general reinsurance account (sec. 205 (b) of the Housing Act).

The conference agreement retains the House provision relating to insurance of 90-percent mortgages on urban and rural property with a clarifying change; omits the Senate provision prohibiting insurance of mortgages under paragraph (2) (B) and (2) (C) after July 1, 1942; adopts the Senate provisions relating to insurance of the 90-percent mortgages (par. (2) (B)) with 25-year maturity periods, making the one-fourth-percent premium charge mandatory in the case of such mortgages and providing that expenses incurred in connection with such mortgages be charged to the general reinsurance account; and adopts the Senate provisions making the 1-percent maximum premium charge and the one-half-percent minimum charge applicable to insurance of all other mortgages, and making such premium charges applicable to existing insurance in the cases of premium charges becoming due after the enactment of the bill, with clarifying language to provide that the one-fourth-percent premium charge will not apply to any mortgages insured prior to such enactment.

Insurance of farm home mortgages

The Senate amendment adds a new subsection (d) at the end of section 203 of the Housing Act to provide for the insurance of mortgages (otherwise eligible for insurance under section 203 (b)) covering farms upon which a farmhouse or other farm buildings are to be constructed or repaired, subject to the conditions that the expenditures for materials and labor in the proposed construction or repair be not less than 15 percent of the amount of the mortgage, that credit on equally advantageous terms cannot be obtained from other sources, and that the Secretary of Agriculture or his designee certify to the reasonable probability of payment out of returns from operation of the farm. The only comparable provision in the House bill is that which includes urban and rural property in section 203 (b) (2) (B) which was adopted by the conference agreement.

The conference agreement adopts these provisions to provide for insurance of mortgages otherwise eligible for insurance under section 203 (b) covering farms upon which farmhouses or other farm buildings are to be constructed or repaired, including the requirement as to the ratio of expenditures for material and labor to the amount of the mortgage, but omitting the other limitations and conditions relating to availability of credit and to certification by the Secretary of Agriculture as to probability of payment.

Debentures

The House bill (sec. 11) and the Senate amendment both amend section 204 (b) of the Housing Act to provide for exemption from taxation of debentures issued by the Administrator in connection with mortgages insured under section 203 or section 210 of the Housing Act. The Senate amendment, in addition to certain clarifying changes in the section, also provides that debentures issued in connection with mortgages insured under section 203 or 207 prior to the enactment of the bill shall continue with the same tax liability now prescribed in the Housing Act, but permits mortgages entitled to receive such debentures to receive debentures issued under the amended act, with interest at the current rate in case of new insurance. It further specifies the respective liabilities of the mutual mortgage insurance fund and the housing insurance fund in connection with insurance under section 203 and section 210 of the Housing Act; and provides that the determination of the Administrator as to the interest rate on debentures issued in connection with mortgages insured under sections 203, 207, or 210 shall be subject to the approval of the Secretary of the Treasury (sec. 204 (d) and sec. 207 (i) of the Senate amendment). The conference agreement adopts the House provision as modified by these provisions of the Senate amendment.

Certificates of claim

The House bill (sec. 12) in addition to certain clarifying changes in section 204 (c) of the Housing Act (relating to the issuance of certificates of claim to the mortgagees) provides that the certificates of claim shall cover the reasonable necessary expenses of the mortgagee in foreclosing the mortgage or otherwise acquiring and conveying the property, and that the increment accruing at a rate of 3 percent to the holder of the certificate shall not be compounded. The Senate amendment provides that certificates cover all obligations arising out of the foreclosure proceedings, and omits the provision against compounding. The conference agreement retains the House provisions allowing such reasonable necessary expenses to be covered in the certificate and prohibiting the compounding of increment on the certificate.

Contracts of the Administrator

The House bill (sec. 14) amends section 204 (e) of the Housing Act to exempt from the operation of section 3709 of the Revised Statutes (requiring advertisements for bids in case of contracts or purchases of supplies) purchases or services on account of property conveyed to the Administrator in exchange for debentures and certificates of claim. The Senate amendment limits such exemption to purchases or contracts for services or supplies (including contracts for hazard insurance) on account of such property to cases where the amount thereof does not exceed \$1,000. Similar differences between the House bill and the Senate amendment appear in a like provision in section 207 (l) of the Senate amendment (sec. 207 (j) of the House bill). The conference agreement in both places retains the House provision as modified by the Senate amendment.

Termination of insurance

The House bill (sec. 20) makes several clarifying amendments to section 205 (f) of the Housing Act (relating to the termination of insurance of mortgages foreclosed without conveyance of the property involved to the Administrator). The Senate amendment in addition provides that before the insurance shall terminate, the notice of foreclosure without conveyance to the Administrator and the notice to the Administrator of payment of the obligation by the mortgagor before maturity under such section shall be in writing, and the mortgagee shall pay the adjusted premium charge required under section 203 (c). The conference agreement adopts the House provision as modified by the Senate amendment, except that it is provided that the notice to the Administrator of payment of the obligation by the mortgagor prior to maturity shall be given by the mortgagee.

Insurance of mortgages on large-scale rental projects (sec. 207)

The House bill (sec. 22) entirely rewrites section 207 of the Housing Act relating to the insurance of mortgages on large-scale residential rental projects held by public or quasi-public housing agencies or by limited dividend corporations, and permits private corporations or associations holding such property to be eligible for mortgage insurance under certain conditions. The Senate amendment to the same section also extends eligibility for insurance to cooperative societies (sec. 207 (b) (2)); inserts a provision limiting rentals and returns on insured projects to those which are reasonable (sec. 207 (b) (2)); changes the cost limit per room from \$1,200 (House bill) to \$1,350 (sec. 207 (c)); limits eligibility for insurance to those mortgages bearing interest not in excess of 5 percent on the outstanding balance (sec. 207 (c)); provides for the issuance of certificates of claim (sec. 207 (h)) similar to those issued under section 203; and provides that debentures issued in respect of mortgages insured under section 207 be reduced in amount by 5 percent of the unpaid balance of the principal obligation when there is an assignment of the mortgage in case of a default (sec. 207 (f)). The conference agreement adopts the House provisions with the additional provisions of the Senate amendment, except that the conference agreement provides that the increment accruing on the debentures shall not be compounded, and that the debentures be reduced in amount by 2 percent of the unpaid balance of the principal obligation when the mortgage is so assigned, and allows the mortgagee, when at his option he forecloses and transfers the property to the Administrator, to get the benefits of the insurance without such deduction.

Multifamily and group-dwelling insurance (sec. 210)

The House bill (sec. 25) adds a new section 210 to the Housing Act to provide for the insurance of mortgages on property with one or more multifamily dwellings or a group of not less than 25 single-family dwellings. The Senate amendment reduces the group requirement to 10 (sec. 210 (a)); limits the maximum appraised value of the project to \$200,000 in place of the \$250,000 limit of the House bill; raises the cost-per-room limit from \$1,000 (House bill) to \$1,150 (sec. 210 (b)); and makes it a requirement for eligibility for insurance that the interest rate on the outstanding balances of the mortgage indebtedness shall not exceed 5 percent (sec. 210 (b) (3)). The Senate amendment also makes certain drafting changes eliminating subsections (c), (d), and (e) of section 210 as contained in the House bill by using the device of cross-reference to analogous provisions of title II. The conference agreement adopts the House provisions as modified by the Senate amendment with drafting changes making the cross-references unnecessary.

Rules and regulations and labor standards

The House bill (secs. 22 and 25) by separate provisions authorizes the Administrator to make rules and regulations to carry out section 207 and section 210. The Senate amendment combines these provisions in a new section 211 at the end of title II and adds provisions requiring that the rates of pay of persons employed upon the construction of property covered by an insured mortgage shall not be less than the prevailing rates of pay for work of similar nature in the same locality as determined by the Secretary of Labor, with the approval of the President, and that adequate labor standards shall be maintained on all construction on property covered by insured mortgages. The conference agreement adopts the Senate provision on rules and regulations and omits the provisions with respect to rates of pay and labor standards.

National mortgage associations (title III)

The House bill (sec. 26) amends section 301 (a) of the Housing Act to permit national mortgage associations to make loans and advances on mortgages insured under section 207, to purchase,

service, and sell mortgages insured under title II, and to purchase, service, and sell other mortgages upon the condition that such mortgages (except in case of insured mortgages) shall not exceed 60 percent of the appraised value of the property as of the date of purchase by the association. The Senate amendment retains those provisions with certain rearrangements and clarifying changes but also permits loans and advances to be made on mortgages insured under title II, and prohibits any such association controlled or operated by the United States or any agency of the United States from making any loan or advance on a mortgage insured under section 203. The conference agreement adopts the Senate provisions with certain clarifications of language.

The House bill (sec. 28) amends section 302 of the Housing Act to increase the limit upon the aggregate amount of obligations issued by a national mortgage association from 12 times the paid-in capital and surplus to 20 times such amount. The Senate amendment fixes the limit at 15 times such amount. The conference agreement retains the House provision.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
M. K. REILLY,
HAMILTON FISH,

Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, I do not deem it necessary to consume the time of the House with any extended statement in connection with this report. It is sufficient to say that while there have been numerous amendments offered by the Senate and retained in conference, with very few exceptions, all such amendments are of a clarifying technical nature and involve no matters in dispute. The substantial changes are few and they are not serious departures from the provisions of the bill as it passed the House. Briefly, these substantial changes are as follows:

The House bill provided that after July 1, 1939, the insurance operations of the Federal Housing Administration shall be limited to new construction and houses constructed between June 27, 1934, and July 1, 1939. The Senate amendment makes the limitation apply to houses constructed between January 1, 1937, and July 1, 1939, and limits the amount to which the President may increase the insurance to \$3,000,000,000. The Senate provisions were adopted by the conference.

The Senate amendment provided that 90-percent mortgages may be for as long as 25 years. There was no such provision in the House bill. This provision was adopted.

The Senate amendment provided that the new basis of computing insurance premiums shall apply to future payments on existing insurance. This provision was adopted.

The Senate amendment made eligible for insurance loans on farms under certain conditions, among which were the conditions that the loan could not be obtained elsewhere on equally satisfactory terms, and that the Secretary of Agriculture should certify to the soundness of the loan. The Senate amendment was agreed to, omitting these two conditions.

With respect to the large-scale operations under section 207, under the House bill the limit of the mortgage per room is put at \$1,200, while under the Senate amendment the limit is \$1,350. The Senate provision was adopted.

The House bill provided for the delivery of debentures equal to the full amount of the mortgage upon the assignment of the mortgage, while the Senate amendment provided for the delivery of the debentures to the extent of 95 percent of the mortgage upon assignment. The conference agreement provides that the amount of the debentures should be 98 percent of the mortgage with the option to the mortgagee to foreclose the mortgage at its own expense.

With respect to multifamily and group-house loans, under the new section 210 of the House bill, the limit of the amount of the insurance per room is \$1,000 and the maximum amount of the mortgage is \$250,000, whereas in the Senate amendment the limitation is \$1,150 per room, and the maximum amount of the mortgage is \$200,000. The Senate provisions were adopted.

Under both section 207 and section 210 the Senate amendment limited the interest rates to 5 percent for insurable mortgages, and these provisions were adopted.

Under the House bill, the operations of national mortgage associations were limited as to the purchase and sale of individual house mortgages insured under section 203 and operations under the new section 210, but permits them to

originate mortgages under section 207. The Senate amendment permits them to originate any insured mortgages, except that associations controlled or operated by the Government cannot originate mortgages insured under section 203. The Senate provisions were adopted.

Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. Wolcott].

Mr. WOLCOTT. Mr. Speaker, there are some very vital changes in the bill; and because I could not agree with the Senate or with the action of the House conferees in agreeing to the Senate amendments, I did not sign the conference report.

Briefly, the changes that the Senate made and the condition of the bill at the present time compared with what it was when it passed the House is about as follows: We set a ceiling on the total amount of the mortgages which might be outstanding at \$2,000,000,000. The Senate amended that so that the President in his discretion could increase it another billion dollars, which would make a total of \$3,000,000,000 which may be outstanding at any one time.

It will be recalled that the House adopted an amendment to the bill including rural as well as urban property. This stayed in the bill; but there is added to the bill suburban property, because we thought there might be a limitation on property right outside of cities which was not purely urban or rural.

On 90-percent loans the period of amortization is increased from 20 years to 25 years, so that the mortgages which are insured now upon the 90-percent basis may be amortized over a period of 25 years instead of 20. I think this is a rather desirable amendment inasmuch as it reduces the monthly amortized payments. The payments will be reduced by about \$4.50 or \$5 and it will add only about \$100 interest to a mortgage of \$5,400.

The so-called La Follette amendment which had to do with the insurance of loans on farm buildings has stayed in the bill so that we clarify any doubt there was concerning whether the bill applies to farm property. It does very decidedly now, under the La Follette amendment.

Some of the Members from urban communities were concerned about the limit placed upon multiple-dwelling units of \$1,200 per room.

This has been increased to \$1,350 a room, which is undoubtedly desirable.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. O'CONNOR of New York. What limit was finally put on the multiple dwelling, \$200,000 or \$250,000?

Mr. WOLCOTT. I was coming to that point. The House provided a ceiling of \$250,000. The Senate amended it and cut it to \$200,000, and we yielded on that; so if the conference report is adopted the ceiling will be \$200,000 instead of \$250,000.

Mr. O'CONNOR of New York. And not over \$1,350 a room?

Mr. WOLCOTT. The gentleman is correct.

Mr. O'CONNOR of New York. Does this apply to multiple dwellings of 25 families or 10 families?

Mr. WOLCOTT. I believe we reduced it to 10 families.

I do want to call attention to what I consider the major change in this bill, and this has to do with the creation of national mortgage associations. There are many, especially on this side of the aisle, who have taken a very firm stand against regimentation of industry, business, and agriculture, and have looked forward with some degree of concern to the day when the Federal Government might control the credit of this Nation. I may say this bill as it will be enacted, if you adopt this conference report, will create a situation whereby national mortgage associations may be created in any given city—New York, Washington, Chicago, or San Francisco. It matters not where the home office is, the home office can make loans as well as service and buy and sell mortgages.

National mortgage associations will be authorized to make loans in competition with every building and loan associa-

tion, bank, trust company, or other lending agency in the United States. We have opened the door wide for the Government to finance private national mortgage associations, whose purposes may be to take over the home-building credit facilities of this Nation. I do not want to do this, and this is why I did not sign the conference report.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I will yield if the gentleman will give me 2 additional minutes.

Mr. STEAGALL. Go ahead.

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Missouri.

Mr. WILLIAMS. In what respect does the conference report change the bill as it applies to national mortgage associations from the bill we passed?

Mr. WOLCOTT. The bill as it passed the House provided that the Administrator be authorized and empowered to provide for the establishment of national mortgage associations, which shall be authorized, subject to rules and regulations, to purchase, service, and sell first mortgages. The Senate amended this language so it now reads:

To make loans and advances upon real-estate mortgages which are accepted for insurance or insured under title II.

The only restriction against the national mortgage associations making loans in every hamlet in the United States under title II of this act is contained in the proviso that no such association controlled or operated by the United States or any agency of the United States shall make any loan or advance upon mortgages which are accepted for insurance or insured under section 203 of this act. The only limitation in this act against the national mortgage associations' coming in competition with every lending agency in the United States is with respect to the 90-percent loans, and then only if the national mortgage association is operated or controlled by the United States Government or any agency thereof.

There is nothing in this bill to prevent the Reconstruction Finance Corporation from investing in the capital stock or the indentures of any national mortgage association, which can spread out like an octopus and take unto itself the building credit facilities of this Nation. I think the House should know what it is doing in that respect before it adopts this conference report. You go back home after you have adopted this conference report and explain to the millions of shareholders in your building and loan associations and the millions of depositors in your banks, who are now receiving not to exceed 2 percent interest on their deposits, and in many instances 1 percent, because a large amount of the profitable business has already been taken from the banks, so it is necessary to give the depositors a yield of only what the banks can make on their investments in Government bonds, that you have created a situation where the banks, the building and loan associations, and the trust companies must go out of the real-estate investment field to the prejudice of the shareholders and depositors. Explain this to them to their satisfaction, if you can. I do not believe you can. I do not believe we should be compelled to set up this giant octopus to take over real-estate credits under the control of any private enterprise subsidized with Government funds.

Mr. KRAMER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from California.

Mr. KRAMER. The gentleman also knows the banks have decreased the rate of interest they are paying to depositors in most of the States. For instance, in California they have more than cut the rate in two.

Mr. WOLCOTT. Yes. This is necessitated by the fact we have established a system whereby the Federal Government is manufacturing the credit which normally and naturally flows from these institutions that have on deposit the people's money. If these institutions cannot invest their deposits profitably, they cannot pay a profitable rate of interest on such deposits.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. Fish].

Mr. FISH. Mr. Speaker, the gentleman from Michigan has made a very thorough and complete statement in regard to the conference report. I do not believe it is possible to write a perfect housing bill, but the purpose of the bill is correct, to promote home owning in the United States and make it easier for the American people to construct and own their own homes.

This bill provides these homes shall be built by private industry, the money shall come from private sources, and the home owner himself must put up 10 percent before the building can be erected. I do not see any reason why the Republicans should be opposed to legislation of this kind. We have been advocating this type of legislation for a long while. The main purpose is simply this. We are way behind the rest of the world in building private homes for our wage earners and this measure merely facilitates that useful purpose.

The reason I rise to speak today is that I want to take this opportunity to warn against too much optimism sweeping the country as people will be told by extensive propaganda that the American wage earner is going to start right in immediately to build homes. Of course, this is not a fact. With 11,000,000 wage earners unemployed, American wage earners are not going to put up the initial 10 percent immediately, in days of depression when they are fearful of the jobs they have and of the future. I anticipate a vast amount of propaganda, an excessive amount of propaganda, stating this is the way out of the depression, that the enactment of this housing bill, will mean \$16,000,000,000 will be spent and that 1,000,000 men will be put back to work immediately in building these needed homes.

The so-called Lodge amendment, providing for the prevailing wage scale in each community and backed by the American Federation of Labor, under the rules governing this conference report, cannot be considered. The Senate conferees receded on their own amendment and there is no parliamentary way of bringing the matter before the House for a vote.

I am in favor of the legislation as it will eventually promote the owning of homes by the American people and thus will tend to curb radicalism, socialism, and communism. This proposed housing merely gives an opportunity to the wage earner himself, who wants to build his home, who has sufficient money to put up the 10 percent, and such wage earners will put that amount just as soon as confidence in this country is restored and they are assured of permanent jobs. When that times comes, whether it is 6 months from now or a year from now, this bill will be immediately effective, and I hope it will pass by a unanimous vote. [Applause.]

Mr. STEAGALL. Mr. Speaker, in answer to the statement of the gentleman from Michigan [Mr. Wolcott], I may say that the only change made by the Senate and agreed to in conference with respect to original loans permitted to be made by national mortgage associations is a provision added by the Senate which permits such loans under section 203 of the bill, which includes the insurance of mortgages under the 90-percent provision and fixes the insurance premium at one-fourth of 1 percent for such mortgages. No such loans may be made by national mortgage associations except those which are privately owned.

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on this report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman for a question.

Mr. SPENCE. I would like to know how the conference agreement enlarges the powers of the national mortgage associations? Under the bill as it passed the House they could not go into direct competition with the local lending institutions. I understand now if the national mortgage associations come under the control of private enterprise—that is,

if the Reconstruction Finance Corporation gets out of the picture—then they come in direct competition with the building and loan associations.

Mr. STEAGALL. They are permitted to make loans, as I stated. The provision added by the Senate permits insured loans to be made, when covering individual houses, only when the ownership of the national association is in private hands.

Mr. SPENCE. That is a great enlargement of their powers that was not incorporated in the bill as it passed the House, and puts them in competition with local lending institutions, to the detriment, I think, of the local lending institutions. I am very much opposed to any enlargement of their powers, and I am sorry the conferees agreed to any such enlargement of the powers of the national mortgage associations.

Mr. STEAGALL. Well, of course, it is fair to say that such competition, as pointed out by the gentleman, is maintained now by insurance companies and the various lending agencies that engage in business of this type. The Government is not entering into this competition with private business any more in chartering one of these associations than in the case of the charter of a national bank or any other institution.

Mr. SPENCE. But the insurance companies and other private enterprises do not have the same advantages that a national mortgage association has, which can issue debentures free of both State and Federal taxes. It has many advantages and puts the local institution at a great disadvantage coming in contact with this Government-owned and originally Government-controlled enterprise. They still have the same advantages even when they go into private hands.

Mr. STEAGALL. Of course, the purpose of this legislation is to supplement and go forward with a construction program that is now lagging under present conditions.

The fact of the matter is that there is very little construction of houses going on today, and the purpose of this legislation is to give an impetus to such building, with the result that there will be an increased business for all institutions engaged in mortgage lending.

Mr. Speaker, I move the previous question on the conference report.

Mr. WOLCOTT. Mr. Speaker, will the gentleman withhold that a moment so I may ask the gentleman to yield 5 minutes to the gentleman from Massachusetts [Mr. Luce]?

Mr. STEAGALL. Does the gentleman from Massachusetts ask me to yield him 5 minutes?

Mr. LUCE. Yes.

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts and withdraw the motion for the previous question.

The SPEAKER. The gentleman temporarily withdraws his motion for the previous question, and the gentleman from Massachusetts is recognized for 5 minutes.

Mr. LUCE. Mr. Speaker, I wish to call attention to the fact that such study as I have been able to give to the report of the conference committee, reading it carefully two or three times, does not disclose to me that there has been any provision agreed to by the committee preventing the insuring of apartment houses up to \$200,000. This was called to the attention of the House in the main debate, and I speak of it now merely to emphasize the fact that the Nation is embarking in financing private enterprise to the extent that it is to insure new apartment houses up to \$200,000. This seems to me a step in the direction of the entrance of Government into business that is deplorable. Of course, I realize that at this time there is no hope of getting further consideration for the matter, but this feature of the housing bill ought to be understood by the Members so that they may meet criticism in respect to it when they get home.

Further, no particular attention has been given to the fact that tax-exempt securities are to be issued, tax-exempt securities which will add one more to the escapes from local taxation that some of us have thought to be unfortunate. There will be no direct exemption in this particular, but the debentures to be issued, which furnish the money with which the enterprise is to be conducted, are not to be exposed to

local taxation. This is a great question that is deserving debate by itself. It has been discussed frequently in the House and throughout the country, and is sure to be discussed further. It seems unfortunate that we should here take a step that could not be brought squarely to the attention of the House in such a way that we might ascertain once and for all whether it is the will of Congress that the issue of tax-exempt securities shall be extended.

Regretting that these things could not have had the discussion in respect to them I think they should have, I wish to place myself on record as opposed to the Government financing of apartment houses, even though indirectly, and to the issuance of tax-exempt securities for such purposes.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Yes.

Mr. O'CONNOR of New York. How does the gentleman distinguish between the individual home, which the Government will finance, and the multiple dwellings in cities, which are necessary? If the Government is going into the business of helping individual homes, should it not help with multiple dwellings, which is at least the home of the city dweller? Where is the distinction?

Mr. LUCE. If the gentleman will examine the bill and read the testimony before the committee some years ago and recently, he will see that measures of this sort will not help those who dwell in the heart of big cities except in the one form of slum clearance. The cost of land is so great in the heart of large cities that those of scanty means who dwell there can never hope for benefits from this legislation, in my judgment.

Mr. O'CONNOR of New York. This multiple-dwelling measure should help in the matter of the so-called walk-up apartments. That is the home of these people, and if the Government is interested in homes, it ought to be just as much interested in those people as it is in the individual home in the suburbs.

Mr. LUCE. That argument would not appeal to a man like myself who believes that the apartment house is a curse on humanity.

Mr. O'CONNOR of New York. The gentleman, of course, has lived all of his life among those rolling green hills of Waltham, a suburb of the city of Boston. It is fortunate that he was not compelled to live in Boston, but some people are compelled to live in the congested areas, and they think their apartment is a home.

The SPEAKER. The time of the gentleman from Massachusetts has expired. The question is on the motion of the gentleman from Alabama to order the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to and a motion to reconsider laid on the table.

EXTENSION OF REMARKS

Mr. BEITER. Mr. Speaker, my colleague [Mr. KELLY of New York] is unavoidably detained today. He had to return to his district because of business. He has asked me to obtain permission for him to extend his remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

CROP-PRODUCTION LOANS

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I commend the House on its action today in passing the resolution making appropriation for crop-production loans and harvest loans. The amount available for these loans under the resolution as passed will be approximately \$34,000,000, and it means that the loans will be made during the year 1938, and such funds will be available for that purpose until June 30, 1939.

For several years these crop loans have been made and no funds expended by the Government have done more in helping the small farmers of the United States than these crop loans; without them thousands of farmers who have heretofore made a living by farming would have had to go upon relief.

Such loans are made to small farmers who are unable to procure credit from any other source, and I am glad that they are to be available for the present crop year of 1938. The appropriation this year is earlier than it has been heretofore, and this is very important, since crop planting will soon begin in the southern section of our country.

In some sections of the country, due to crop failures and drought, the percentage of repayments may not have been large, but in my congressional district the percentage of collections has been very high, and from 90 to 95 percent of all such loans made have been repaid, with interest. No other loaning agency of the Government can produce a record of repayment better than this.

There is no class more needy and deserving than these small tenant farmers, and these crop loans have been life-savers to them, and I am glad that they are to be continued.

It is my hope that the Senate may act promptly upon this resolution, so that the loans may be immediately available.

EXTENSION OF REMARKS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial from the Bergen Evening Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address made this morning before the Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein an address delivered by a distinguished lawyer of the New York bar, Mr. Charles Wesley Dunn, before the Associated Grocery Manufacturers.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COCHRAN and Mr. VOORHIS asked and were given permission to revise and extend their remarks in the RECORD.

Mr. ELLIOTT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein the resignation of Mr. J. F. T. O'Connor as Comptroller of the Currency, and the letter of the President accepting his resignation.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DIRKSEN and Mr. DITTER asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by printing an address delivered last Monday over the Washington Star Forum.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COCHRAN. Mr. Speaker, last evening the gentleman from Indiana [Mr. PETTENGILL] made a speech in New York on the question of the reorganization of the Federal Government. He was answered by Hon. James Roosevelt.

Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. PETTENGILL] may be permitted to print his speech in the RECORD and that I may be permitted to insert directly thereunder the answer of Mr. James Roosevelt.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. HOFFMAN. Mr. Speaker, from the floor of this House on the 11th of January the gentleman from Washington [Mr. COFFEE], referring to Henry Ford, said (RECORD, p. 333):

In the brief time at my disposal I can only summarize the story of Mr. Ford's lawbreaking career.

On the 18th, after notifying Mr. COFFEE, I replied, and, among other things, said (RECORD, p. 732):

When history is written, the encyclopedias of the future are published, and the names of his traducers have been forgotten, and the records of the N. L. R. B. and of the S. C. L. C.'s libelous statements have crumbled to dust and scattered by the winds of heaven, the name of Henry Ford will still be known.

When the name of that one who today poses as the great benefactor of the common man has been dimmed—yes, almost lost—in the mists of time and he is known to history as the President of many moods, of many poses, of many promises, and the appalling record of his inconsistencies has been written, the name of Ford will stand forth clear, distinct, and undimmed upon one of the monuments which mark the progress of man from the beginning of time to eternity's end.

And let me predict that, whatever may be the verdict of any court or any courts, in the end, when the people of this country judge Henry Ford, they will find, and by their verdict they will declare, that his record as a patriotic citizen, as a man, as one who has contributed to the welfare of his fellow men, is second to that of no man of this or any other generation.

The following day a Nation-wide poll conducted by the American Institute of Public Opinion was released through the press. Let me read:

AMERICA SPEAKS: PUBLIC FOR FORD IN DISPUTE WITH U. A. W.
(By Dr. George Gallup, director, American Institute of Public Opinion)

Despite enormous gains in membership and power, the young United Automobile Workers Union, C. I. O. affiliate, faces an uphill fight to win the good will of the public in its controversy with Henry Ford over unionization of Ford workers.

This fact is indicated by the results of a survey conducted by the American Institute of Public Opinion as the smoldering Ford-C. I. O. controversy, which has already caused bloodshed and beatings, awaits review in the Federal courts.

The institute asked voters in every State:

In the present dispute between Henry Ford and the U. A. W., are your sympathies with Ford or with the union?

The vote was:

	Percent
For Ford.....	66
For union.....	34

Of special interest is the vote of the Nation's automobile owners. The great majority of those polled by the Institute say their sympathies are with Henry Ford. Among noncar owners sympathy is more divided, although even in this group a slight majority favors Ford.

	Percent for Ford	Percent for Union
Car owners.....	73	27
Noncar owners.....	54	46

The struggle between Ford and the union began in earnest last summer when union organizers attempting to distribute handbills to Ford workers in Dearborn were beaten.

Subsequently, the National Labor Relations Board found Ford Motor Co. guilty of violating the Wagner Act. Henry Ford's petition for a new hearing was denied by the Board which early this month took the case to a circuit court of appeals for an order to enforce its decision.

The Institute survey found that the majority sympathies of nearly all population groups polled are on the side of Henry Ford. The exceptions are unskilled workers and persons on relief.

A cross-section of both these groups indicated sympathy with the union cause. But an overwhelming majority of voters polled in the middle and upper classes say their sympathies are with Ford.

The majority sentiment toward the Ford case follows a trend clearly marked by earlier Institute surveys. The Auto Workers Union is the union which conducted the sit-down strike in General Motors a year ago.

An Institute survey at the time indicated that the majority of Americans were strongly opposed to the sit-down technique, and that the middle classes were growing increasingly fearful of the power of John L. Lewis and the C. I. O.

In its surveys on the General Motors strike, the Institute found that the longer the sit-down strike continued the more the voters sympathized with General Motors.

Since its function to ascertain the facts about public sentiment, the Institute's position in all controversies is one of strict impartiality.

But the facts uncovered by its surveys on the General Motors strike and the Ford case seem to indicate conclusively that the union has not succeeded in "selling" its cause to the public during the last year.

Commenting on the result of this poll, the Detroit News said:

FORD'S POPULAR SUPPORT

Henry Ford has a big jury deciding in his favor in the dispute between the Ford Motor Co. and the United Automobile Workers Union. It is composed of a great majority of the American people. Results of a survey conducted by the American Institute of Public Opinion, reported elsewhere in the News today, reveal that all population groups polled, except unskilled workers and persons on relief, side with Ford in his objection to a C. I. O. campaign to unionize his employees.

Ford evidently is cashing in on the popularity won when some years ago he voluntarily doubled the prevailing wage of his workers and explained that it would be the continuous policy of his company to pay the highest possible wages.

That announcement spread consternation among employers throughout the country, who, nevertheless, were constrained to follow Ford's example. For a time Ford was subjected to bitter criticism by many who thought the new policy revolutionary and impractical. The event justified the Ford policy.

And now, when Mr. Ford again is attacked and this time must defend himself in court against charges that he violated the Wagner Act, he finds backing of substantial character. "Are your sympathies with Ford or with the union?" asked the Institute of Public Opinion, and 66 percent of those voting said, "With Ford."

It might be well for those Members of the House who style themselves "progressives" and "liberals"; who assume on so many occasions to speak for the people and who intimate on occasion that they, and they alone, are the only friends of the worker, to revise their opinions of Henry Ford and perhaps of some other men who have done much in the industrial world.

Recalling that we have heard them on so many occasions denounce so bitterly, with so much of acid in voice, manner, and language, certain capitalists termed "economic royalists"; that Vincent Astor seems to have been a friend and a companion on many a yachting trip of the President himself; that Barney Baruch, hailing from Wall Street, who might be termed, if anyone can be so designated, as an "international banker," frequently calls at the White House; and, more recently, that we find John L. Lewis and Thomas W. Lamont of 23 Wall Street going, if not hand in hand or arm in arm, at least together on a common mission to call upon the President in consultation on a plan of procedure in which both were financially interested; would it not be well that these "liberals" separate the sheep from the goats?

Why is Lewis in bed with Lamont? And is the President in his conferences with these "economic royalists," such as Sloan, Weir, Clement, West, Brown, and the others, "asking them" or "is he telling them"?

The people have heard the words of Roosevelt and they are seeing some of his actions and they are saying, with Isaac of old:

The voice is Jacob's voice, but the hands are the hands of Esau.

So, too, we might say the words of the President promise all things to all men, but his acts bring destruction to the Nation as a whole.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. The gentleman from Texas asks unanimous consent that when the House adjourns today it adjourn to meet on Monday next. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mr. MOSIER of Ohio, for 2 days, on account of important business.

To Mrs. JENCKES of Indiana, for 2 days, on account of important business.

To Mr. HOUSTON, indefinitely, on account of critical illness in family.

To Mr. QUINN, for 2 days, on account of important business.

OMNIBUS PRIVATE-CLAIMS BILL

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that on next Tuesday, January 25, it may be in order to consider the bill H. R. 7199, a bill for the relief of sundry claimants, and for other purposes, under the Omnibus Private Calendar rule.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, can the gentleman from Texas tell us what the program for next week will be? A number of Members on this side of the aisle would like to know.

Mr. RAYBURN. Yes. Next Monday will be District of Columbia day. On Tuesday, if my present request is granted, this omnibus private-claims bill will be considered. The calendar of committees will be called on Wednesday. On Thursday and Friday we expect to take up the District of Columbia appropriation bill.

OMNIBUS PRIVATE-CLAIMS BILL

Mr. MARTIN of Massachusetts. In reference to the request the gentleman is making, one of the objectors on this side of the House, the gentleman from New York [Mr. HANCOCK] has said that two of the men who scrutinize this calendar were ill and unable to take care of their official duties. For this reason I am reluctant to consent, but I understand the gentleman from Maryland [Mr. KENNEDY] has had a later conversation with the gentleman from New York.

Mr. KENNEDY of Maryland. Mr. Speaker, I talked to the gentleman from New York [Mr. HANCOCK] and informed him that it was desired to bring this bill up on Tuesday. He said they would be ready by that time.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 15 minutes p. m.), in accordance with its previous order, the House adjourned until Monday, January 24, 1938, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, January 25, 1938. Business to be considered: Continuation of hearings on S. 69—train lengths. Mr. J. A. Farquharson, of the Railroad Trainmen, will continue his statement.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold a public hearing in room 219, House Office Building, February 1, 1938, at 10 a. m., on H. R. 8344, a bill relating to the salmon fishery of Alaska.

COMMITTEE ON PENSIONS

The Committee on Pensions will start hearings on H. R. 8690, granting a pension to widows and dependent children of World War veterans on Tuesday, January 25, 1938, at 10 a. m.

The Committee on Pensions will hold a hearing at 10 a. m., Friday, January 28, 1938, on H. R. 8690, granting a pension to widows and dependent children of World War veterans.

COMMITTEE ON ROADS

The Committee on Roads will hold public hearings on H. R. 8838, to amend the Federal Aid Highway Act, and related proposals, on Tuesday, January 25, 1938, at 10 a. m.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. McGEHEE's Subcommittee on the Judiciary of the Committee on the District of Columbia will meet Monday, January 24, 1938, at 10:30 a. m., in room 345, House Office Building, to consider H. R. 7470, tax exemption for the Society of the Cincinnati, and S. 1835, small claims court.

Mrs. VIRGINIA E. JENCKES' Subcommittee on Public Health, Hospitals, and Charities of the Committee on the District of Columbia, will meet Thursday, January 27, 1938, at 10 a. m., in room 345, House Office Building, to consider H. R. 3890, antivivisection.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 404. Resolution to authorize the Clerk of the House to employ a laborer; without amendment (Rept. No. 1706). Referred to the House Calendar.

Mr. TAYLOR of Colorado: Committee on Appropriations. House Joint Resolution 571. Joint resolution making appropriations available for administration of the Sugar Act of 1937 and for crop production and harvesting loans; without amendment (Rept. No. 1707). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 8972. A bill to transfer to the Secretary of the Treasury a site for a quarantine station to be located at Galveston, Tex.; without amendment (Rept. No. 1708). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 8316) granting an increase of pension to Harriet L. Liggett, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCK: A bill (H. R. 9093) to provide for the appointment of an additional district judge for the northern district of California, and to fix his official residence; to the Committee on the Judiciary.

By Mr. DUNN: A bill (H. R. 9094) to provide \$65,000,000,000, which shall be expended within a period of 10 years to furnish employment and to end poverty in the United States and its possessions; to the Committee on Ways and Means.

By Mr. FORD of California: A bill (H. R. 9095) to amend section 3 (a) of the Social Security Act; to the Committee on Ways and Means.

By Mr. HEALEY: A bill (H. R. 9096) to amend an act entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, and acts amendatory thereof and supplementary thereto," approved June 7, 1934; to the Committee on the Judiciary.

By Mr. KRAMER: A bill (H. R. 9097) to extend the benefits of the Social Security Act to include individuals over 50 years of age who are physically disabled; to the Committee on Ways and Means.

By Mr. MAY: A bill (H. R. 9098) to promote air commerce by providing for the enlargement of Washington Airport; to the Committee on Military Affairs.

By Mr. PALMISANO: A bill (H. R. 9099) to amend paragraphs (b), (c), and (d) of section 6 of the District of Columbia Traffic Act, 1925, as amended by the acts of July

3, 1926, and February 27, 1931, and for other purposes; to the Committee on the District of Columbia.

Also, a bill (H. R. 9100) limiting the duties of the chief Clerk and Chief Inspector of the Health Department of the District of Columbia; to the Committee on the District of Columbia.

By Mr. SCOTT: A bill (H. R. 9101) to amend the act of June 6, 1924, entitled "An act to amend in certain particulars the National Defense Act of June 3, 1916, as amended, and for other purposes"; to the Committee on Military Affairs.

By Mr. COFFEE of Washington: A bill (H. R. 9102) to provide for a permanent Bureau of Fine Arts; to the Committee on Education.

By Mr. WENE: A bill (H. R. 9103) to provide for the appointment of an additional district judge for the district of New Jersey; to the Committee on the Judiciary.

By Mr. BOREN: Joint resolution (H. J. Res. 572) requesting a report from the Bureau of the Public Health Service pertaining to the prevention of syphilis; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of South Carolina, memorializing the President and the Congress of the United States with reference to an increased and adequate national defense; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEAM: A bill (H. R. 9104) for the relief of Alfred J. Mulvaney; to the Committee on Naval Affairs.

By Mr. BURDICK: A bill (H. R. 9105) to confer citizenship on John Erickson; to the Committee on Immigration and Naturalization.

By Mr. CHANDLER: A bill (H. R. 9106) to afford an opportunity of selection and promotion to certain officers of the United States Naval Academy class of 1909; to the Committee on Naval Affairs.

By Mr. CROWE: A bill (H. R. 9107) granting a pension to Isaac A. Chandler; to the Committee on Pensions.

By Mr. FITZGERALD: A bill (H. R. 9108) for the relief of John J. Connors; to the Committee on Military Affairs.

By Mr. HARTLEY: A bill (H. R. 9109) for the relief of Joseph Anthony Cordick; to the Committee on Naval Affairs.

By Mr. HULL: A bill (H. R. 9110) for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.; to the Committee on Claims.

Also, a bill (H. R. 9111) for the relief of Theodore J. Thompson; to the Committee on Claims.

By Mr. KEOGH: A bill (H. R. 9112) for the relief of E. A. McCormack; to the Committee on Claims.

By Mr. MAGNUSON: A bill (H. R. 9113) for the relief of Forest F. Gott and Emeline Gott; to the Committee on Claims.

Also, a bill (H. R. 9114) to admit Mrs. Henry Francis Parks permanently to the United States; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 9115) for the relief of Martha A. Donaldson; to the Committee on Claims.

By Mr. O'TOOLE: A bill (H. R. 9116) for the relief of William A. Reithel; to the Committee on Claims.

By Mr. REECE of Tennessee: A bill (H. R. 9117) granting a pension to Alfred Arrowood; to the Committee on Pensions.

By Mr. RICHARDS: A bill (H. R. 9118) for the relief of Mark H. Doty; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 9119) granting an increase of pension to Ebb Hundley; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 9120) for the relief of Charles Lawrence; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3857. By Mr. ANDREWS: Resolution adopted by the International Hod Carriers' Building and Common Laborers Union of America, Local No. 173, of Lockport, N. Y., favoring passage of the General Welfare Act; to the Committee on Ways and Means.

3858. By Mr. CARTER: Petition of the Board of Supervisors of Contra Costa County, State of California, urging the enactment of House bill 4199, the general welfare bill; to the Committee on Ways and Means.

3859. By Mr. COLDEN: Resolution of the Teamsters Joint Council, No. 42, of Los Angeles and vicinity, and endorsed by Lumber and Sawmill Workers, No. 2607, San Pedro, Calif., protesting against antiunion activities and asking that same be investigated; to the Committee on the Judiciary.

3860. By Mr. CULKIN: Petition of the Rochester Association of Credit Men, urging repeal or modification of the undistributed profits tax with recommendations thereon; to the Committee on Ways and Means.

3861. Also, petition of the National Association of Swine Records, Peoria, Ill., asking the excise duties on imported pork and pork products be increased, that no processing tax on pork be included in the new agricultural bill, and that Congress not ratify the Argentine sanitary pact; to the Committee on Agriculture.

3862. By Mr. FULMER: Concurrent resolution, submitted by J. H. Hunter, Jr., clerk, House of Representatives, of Columbia, S. C., to commend the President and to memorialize the Congress of the United States for an adequate national defense; to the Committee on Military Affairs.

3863. By Mr. KENNEY: Petition of the New Jersey Farm Bureau and New Jersey State Grange, favoring the discontinuance of the Federal gasoline tax at the close of the fiscal year ending June 30, 1938, and asking that it not be levied again in any way whatsoever, and that the Federal Government permanently withdraw from the field of gasoline taxation; to the Committee on Ways and Means.

3864. By Mr. KEOGH: Petition of the Chamber of Commerce of the State of New York, protesting against the interruption of pneumatic-tube mail service in New York City; to the Committee on Appropriations.

3865. By Mr. O'NEILL of New Jersey: Petition of the New Jersey State Grange and New Jersey Farm Bureau, protesting against the continuance of the Federal gas tax; to the Committee on Ways and Means.

SENATE

MONDAY, JANUARY 24, 1938

(Legislative day of Wednesday, January 5, 1938)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

JAMES H. HUGHES, a Senator from the State of Delaware, appeared in his seat today.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, January 21, 1938, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8730) to amend the National Housing Act, and for other purposes.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 8993. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1939, and for other purposes; and